DOCUMENT RESUME

ED 122 391 EA 008 182

TITLE ACIR State Legislative Program 9. Education.
INSTITUTION Advisory Commission on Intergovernmental Relations, Washington, D.C.
REPORT NO M-100
PUB DATE Dec 75
NOTE 64p.

EDRS PRICE MF-$0.83 HC-$3.50 Plus Postage
DESCRIPTORS Educational Accountability; *Educational Finance; *Educational Legislation; *Elementary Secondary Education; Manpower Development; *Models; School Taxes; State Aid; *State Legislation; State School District Relationship; Vocational Education

ABSTRACT

This publication presents model state educational legislation prepared by the Advisory Commission on Intergovernmental Relations (ACIR) for consideration by individual state legislatures. The ACIR is concerned with improving relationships between federal, state, and local governments; the ACIR legislative program places considerable emphasis on strengthening state and local governments. This 1975 edition is the first complete update of the original ACIR state legislative program that was developed in 1970. The complete legislative program is presented in ten separate booklets, in which the draft bills are grouped logically by subject matter. This particular booklet is devoted entirely to proposed educational legislation; it includes five model bills dealing with (1) state financing of public elementary and secondary schools, (2) areawide tax bases for school financing, (3) districts for specialized educational facilities, (4) areawide vocational education and manpower programs, and (5) educational accountability and remedial assistance. In an attempt to reflect the special circumstances of the different states, the model bills frequently include alternative procedures and optional policies for consideration. Each bill is referenced to the ACIR policy report on which it is based. (Author/JG)

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ED122391

ACIR State Legislative Program

9. Education

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December 1975
Advisory Commission on Intergovernmental Relations
Washington, D.C. 20575
(202) 382-2114

M-100

EA 008 182

FOREWORD

ACIR's Legislative Program

The Advisory Commission on Intergovernmental Relations is a permanent, national bipartisan body established by Act of Congress in 1959 to give continuing study to the relationships among local, state, and national levels of government. The Commission does not function as a typical Federal agency, because a majority of Commission members come from state and local government. The Commission functions as an intergovernmental body responsible and responsive to all three levels of government.

It should not be inferred, however, that the Commission is a direct spokesman for any single level or branch of government — whether the Congress, the Federal Executive Branch, or state and local government. Nevertheless, many of the Commission's policy recommendations are paralleled by policies of the organizations of state and local government — including the National League of Cities, U.S. Conference of Mayors, and National Association of Counties — and a substantial number of the Commission's draft legislative proposals are disseminated by the Council of State Governments in its annual volume entitled *Suggested State Legislation*. The National Governors' Conference in its report of the 67th Annual Meeting carries 38 of ACIR's legislative proposals as an appendix entitled *State Responsibilities to Local Governments: Model Legislation from the Advisory Commission on Intergovernmental Relations*.

The Commission recognizes that its contribution to strengthening the federal system will be measured, in part, in terms of its role in fostering significant improvements in the relationships between and among Federal, state, and local governments. It therefore devotes a considerable share of its resources to encouraging the consideration of its recommendations for legislative and administrative action by government at all levels, with considerable emphasis upon the strengthening of state and local governments.

ACIR's *State Legislative Program* represents those recommendations of the Commission for state action which have been translated into legislative language for consideration by the state legislatures. Though ACIR has drafted individual bills from time-to-time following the adoption of various policy reports, its suggested state legislation was brought together into a cumulative *State Legislative Program* initially in 1970. This 1975 edition is the first complete updating of the original cumulative program. It contains a number of new bills as well as major rewrites and minor updatings of previously suggested legislation.

Scope of the Legislative Program. ACIR's reports, over the years, have dealt with state and local government modernization and finances, as well as a variety of functional activities. Commission recommendations to the states, contained in these reports, have addressed all of these subjects. The suggested legislation contained in the Commission's *State Legislative Program* has been organized into ten booklets (parts) in which the draft bills are grouped logically by subject matter. The groupings for all ten booklets are listed in the summary contents of the full legislative program which follows this foreword. Then, the detailed contents of this booklet, including the title of all bills, are listed with the page numbers where they can be found.

Process for Developing Suggested Legislation. Most of the proposals in the *State Legislative Program* are based on existing state statutes and constitutional provisions. Initial drafts were prepared by the ACIR staff or consultants. Individual proposals were reviewed by state officials and others with special knowledge in the subject matter fields involved. The staff, however, takes full responsibility for the final form of these proposals.

How to Use the Suggested Legislation

The Commission presents its proposals for state legislation in the hope that they will serve as useful references for state legislators, state legislative service agencies, and others interested in strengthening the legislative framework of intergovernmental relations. Additional copies of this booklet and the other booklets in the full *Program* are available upon request. Any of the materials in the *Program* may be reproduced without limitation.

The Commission emphasizes that legislation which fits one state may not fit another. Therefore, the following advice is offered to users of the Commission's suggested state legislation.

Fit Proposals to Each State. Many states have standard definitions, administrative procedures acts, standard practices in legislative draftsmanship, and established legislation and constitutional provisions related to new proposals. These differ widely from one state to another, yet they vitally affect the drafting of new proposals for state legislation. No model legislation can possibly reflect the variations which apply in all 50 states. Thus, ACIR strongly recommends that any user of its suggested state legislation seek the advice of legislative draftsmen familiar with the state or states in which such proposals are to be introduced.

Alternative Provisions and Optional Policies. Likewise, the Commission recognizes that uniform policies are frequently not appropriate for application nationwide. Accordingly, its adopted recommendations frequently include alternative procedures and optional policies among which the states should make conscious choices as they legislate. Consequently, the suggested legislation which follows includes bracketed language which alerts the users of these materials to the choices which are to be made. In many cases, the bracketed language is also labeled as an alternative or an option. In the case of alternatives, one (or in some cases more than one) should be chosen and the others rejected. In the case of options, the suggested language may be included or deleted without reference to other provisions unless otherwise noted.

Three types of bracketed information [ ] are provided in the suggested legislation. Brackets containing *italicized* information indicate wording that is essential to the legislation, but must be rewritten to conform to each particular state's terminology and legal references. Information in regular type within brackets presents alternative or optional language. The third type of brackets contains blank space and requires the insertion of a date, amount, time span, quantity, or the like, as required by each state to comply with its individual circumstances or recommendations.

Caution About Excerpting. Frequently one provision in the suggested legislation may be related to another in the same bill. Thus, any state wishing to en-

act only certain portions of the suggested legislation should check carefully to make sure that essential definitions and related provisions are taken into account in the process of excerpting those portions desired for enactment.

ACIR Assistance

Each item of suggested state legislation in this *Program* is referenced to the ACIR policy report upon which it is based. These reports may be obtained free of charge in most cases, by writing to ACIR, and usually may also be purchased from the U.S. Government Printing Office (especially if multiple copies are required). In those cases where a policy report is out of print, copies may be found in ACIR's numerous depository libraries throughout the nation as well as in many other libraries. In addition, where copies are otherwise unavailable, the ACIR library will arrange to loan a copy.

The ACIR staff, though limited in size, is available upon request to answer questions about the suggested legislation, to help explain it to legislators and others in states where it is under active consideration, and to assist the legislative process in other appropriate ways.

September 1975

Robert E. Merriam
Chairman

ACIR
STATE LEGISLATIVE PROGRAM

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ACKNOWLEDGMENTS

The suggested state legislation in this part of ACIR's *State Legislative Program* is based largely upon existing state statutes. William G. Colman acted as consultant to the Commission in tailoring these enactments to ACIR policy.

The following persons served diligently on a panel which reviewed each proposal: Richard Carlson, director of research, Council of State Governments; Honorable Charles A. Docter, Maryland House of Delegates; Marcus Halbrook, director, Arkansas Legislative Council; David Johnston, director, Ohio Legislative Service Commission; William J. Pierce, executive director, National Conference of Commissioners for Uniform State Laws; Bonnie Reese, executive secretary, Wisconsin Joint Legislative Council; Honorable Karl Snow, Utah state senator; and Troy R. Westmeyer, director, New York Legislative Commission on Expenditure Review.

The suggested legislation was also circulated in draft form to the following national organizations for their review and comment:

Council of State Governments
International City Management Association
National Association of Counties
National Conference of State Legislatures
National Governors' Conference
National League of Cities
U.S. Conference of Mayors

The Commission acknowledges the financial assistance of the U.S. Department of Housing and Urban Development in updating and publishing this new edition of the *State Legislative Program*.

The Commission is grateful to all who helped to produce this volume, but the Commission alone takes responsibility for the policies expressed herein and any errors of commission or omission in the draftsmanship.

Wayne F. Anderson
Executive Director

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Part IX

EDUCATION

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INTRODUCTION

The financial dimensions of public elementary and secondary education surpass, by far, those of any other function of domestic government in the United States. In 1974-75 total public expenditure for education exceeded $55-billion. Despite the initiation of a substantial number of separate Federal categorical grant programs for this purpose in the late 1960s, the vast bulk of the financial responsibility continues to rest with state and local governments. The states and the local school districts share roughly equally, the non-Federal portion of these costs.

The great fiscal demands of education have significantly influenced the patterns of urban growth, the exercise of land use regulation by local governments, and the growing disparity between educational needs and the fiscal resources of the nation's urban population. Suburban areas have been able to devote a much greater share of their financial resources to education than have their neighboring central cities because they do not have the same burdens for health, welfare, law enforcement, and other services associated with denser population primarily of low income persons. Additionally, the central city school children of low income families tend to require a more intensive level of educational services than children from non-disadvantaged homes, because they have a higher incidence of health problems, less familiarity with English, a lower motivation toward learning, and less emphasis on reading and associated skills.

Finally, the close linkage between educational achievement and employment (interrelating low achievement, unemployment, delinquency, and crime) tends to make the school a crucial factor in achieving stability in the nation's large metropolitan areas. All too often training for employment is neglected because of the strong desire by most American parents that their children prepare for and obtain a college education. Those not going to college are often ill equipped for later competition in the labor markets by the preparation given them in schools.

Recommendations arising from studies by the Advisory Commission on Intergovernmental Relations concerning metropolitan social and economic disparities, property taxation, and school finance have produced several major recommendations for state legislative action. These have called for a broadening of public education financing to an areawide or statewide basis, a closer integration between vocational education and manpower training programs in metropolitan areas, cooperation among school districts and counties in the provision of specialized educational programs, the continued assessment of educational progress, and the provision of remedial assistance. The following draft measures are presented as steps toward these objectives: (1) state financing of public schools; (2) metropolitan educational equalization authority; (3) areawide districts for specialized educational programs; (4) areawide vocational and manpower training programs; and (5) educational accountability and remedial assistance.

9.001 STATE FINANCING OF PUBLIC ELEMENTARY AND SECONDARY SCHOOLS[1]

State assumption of primary responsibility for public elementary and secondary school financing stands out as one practical way to achieve substantial parity of resources behind each pupil. As long as local school districts have wide latitude in setting their own tax levels, great variations in both wealth and willingness to tax will produce significant differences in the amount of resources behind each student and consequent differences in the quality of education itself.

Increasingly, the cost and economic consequences of differences in the quality of education are felt well beyond the boundaries of the local school district. No student should be denied an adequate educational opportunity because of the accidents of local property tax geography.

Equality of educational opportunity is of critical importance in a democratic society dedicated to the proposition that all persons should have an equal chance to develop their potentialities to the fullest. This objective takes on a particular urgency as technological advancement causes employment opportunities to become increasingly restricted to persons with professional and technical skills.

State aid to local school districts has increased over the past three decades, approximating $27-billion for the school year 1974-75. For the nation as a whole, public elementary and secondary education, estimated as costing $61.1-billion, was receiving 48.6 percent of its support from local sources, 43.6 percent from state sources and 7.8 percent from the Federal government. About a dozen states are now providing more than two-thirds of the non-Federal portion of school financing. New Hampshire was providing the lowest proportion — something under 10 percent.

Nonetheless, heavy reliance on the property tax for local school support continues to contribute to severe fiscal tensions in the intergovernmental financing system. Since 1942, local schools have increased their share of receipts from local property taxes from less than one-third to more than one-half of all local property tax revenue. Local non-educational functions have become inferior claimants in the competition for the local property tax base. Counties and cities have been constrained from adequate use of the local property tax through heavy use of the tax by school boards. An increasingly skewed system of financing has developed, one in which costs for a major function of widespread benefit are largely localized.

Disparities in educational opportunity mount as states, inspired to varying degrees by court action, move to provide additional resources for handicapped students and bilingual programs for those whose dominant language is other than English. As of 1973, it was estimated that half of the 7-million physically and mentally handicapped children were not receiving adequate educational services.[2]

The wide intrastate disparities between educational needs and fiscal resources, coupled with the strong language contained in most state constitutions regarding the inescapable responsibility of the state for public education, led the Advisory Commission on Intergovernmental Relations in its 1969 report on *State Aid to Local Government* to recommend state assumption of substantially all costs of elementary and secondary education with limited permissible local supplementation. Similar recommendations emanated subsequently from the President's Commission on School Finance, the National Conference of State Legislatures, the Fleischmann Commission in New York, the Education Commission of the States, and several other groups. In the early 1970s, courts began to hold state aid formulas unconstitutional, and during the period 1970-74, 14 states changed their school financing statutes substantially. In Maryland, the state assumed substantially all costs of school construction; basic changes were made also in Arizona, Colorado, Florida, Illinois, Kansas, Maine, Michigan, Minnesota, Montana, New Mexico, North Dakota, Utah, and Wisconsin.[3]

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[1]Derived from: Advisory Commission on Intergovernmental Relations, *State Aid to Local Government* Report A-34 (April, 1969), and *Financing Schools and Property Tax Relief: A State Responsibility*, Report A-40 (Washington, D.C.: U.S. Government Printing Office, January, 1973).

[2]Comptroller General, *Federal Programs for Education of the Handicapped*, December, 1974.

[3]Education Commission of the States, *Major Changes in School Finance: Statehouse Scorecard Research Brief*, Vol. 2, No. 2, May, 1974, and *Major Changes in School Finance: Track Record*, Vol. 2, No. 2, Supplement, February, 1975 (Denver, Colorado: Education Commission of the States).

While the new laws in each of these states vary, there are certain principles they share, wholly or in part: (1) state assumption of a greater share of school costs; (2) a narrowed range of expenditure variation among districts; (3) greater interdistrict equalization of tax burdens; (4) retention of local choice in setting tax rates; (5) upper limits on local property tax rates; (6) allocation of financial resources in relation to educational needs; (7) adjustments of state aid in relation to regional variances in cost of living; (8) state assumption of some or all construction costs; and (9) reform of property tax assessment procedures. The first four tendencies were common to all laws and each of the last five present in at least one.

The following suggested legislation is drawn from: (1) the basic recommendation of the Advisory Commission on Intergovernmental Relations and the President's Commission on School Finance; (2) legislative mandates in Illinois, Maryland, and Massachusetts concerning special and bilingual education; (3) pupil weighting and cost of living provisions in Florida (Chapter 73-345); and (4) power equalization and recapture provisions in Maine (*Revised Statutes*, Chapter 510, Title 20) and Montana (*Montana Statutes*, Chapter 69; Sections 6916-6927). Other relevant statutes are: Colorado, *Public School Finance Act of 1973 (Colorado Revised Statutes*, 123-44-1); Illinois, amendment to Section 18-8 of the *School Code* [PA No. 78-215 (Chapter 122)]; Kansas, *School District Equalization Act of 1973* (Chapter 72, Article 70); Michigan, *School District Equalization Act of 1973* (Act 101, PA of 1973); North Dakota, *North Dakota Statutes*, Chapter 127); Utah, *School Finance Program (Laws of Utah*, 1973, Chapter 109); and Wisconsin (*Laws of 1973*, Chapter 90).

The major thrust of the draft legislation is to eliminate, to a substantial degree, the possible wealth related variations in school expenditure levels from district to-district after taking into account — in a quantitative manner — the relative enrollment of "high cost students" (economically disadvantaged, non-English speaking, and physically and mentally handicapped) and geographic differentials such as cost of living, density-sparsity, and topographical and climatic conditions. One of the two alternative methods, "power equalization," would involve a state mandated, locally imposed, uniform, statewide property tax rate on assessed real property, equalized for tax purposes, with state payment of all required costs above the amount raised by the local levy. Affluent districts where the tax yield exceeded the required costs would be required to return the excess moneys to the state school fund. Strictly limited local supplementation at a similar "power equalized" rate would be permitted.

The other alternative — "full state funding" — would involve development of budgetary guidelines by the state education agency and state funding of all local budgets within those criteria. Strictly limited local supplementation (with or without power equalization of such supplement) would be authorized. The fiscal result in each of the two major alternative approaches is about the same; in the first a sizeable amount is raised through imposition of a local property tax. In the second, nearly all school funds would come from undifferentiated state revenue sources.

Section 1 sets forth the purpose of the act and *Section 2* provides definitions.

Section 3 establishes differentials of educational need. The state educational agency and local school districts are required to supply and maintain information on economically disadvantaged, handicapped, and non-English speaking pupils. The state and the local districts are mandated to provide complete educational services for these groups by a specified date, with the state paying all costs in excess of the per pupil cost for all regular pupils in the respective districts.

Section 4 presents two alternative methods of financing schools. The first is through a combination of a uniform mandated local levy, with power equalization recapture provisions, and state provisions of all funds necessary to support a maximum allowable education budget for each district, minus the yield from the uniform local levy. A limited optional local levy, alternatively at a power equalized rate, is authorized. The second alternative provides for full state funding with a local supplement permitted not to exceed 10 percent of the state allocation.

Section 5 requires that funds be spent in the programs and schools where generated — that is, commensurately with the number and weightings of pupils provided in *Section 4*.

Section 6 requires a report from the chief state school officer as to experience under the program and a further periodic reports as to proposed changes in cost factors and pupil weightings.

Section 7 provides for the repeal of conflicting statutes; *Sections 8 and 9* provide for separability and effective date clauses, respectively.

[EQUAL EDUCATIONAL OPPORTUNITY ACT OF 19—][1]

(Be it enacted, etc.)

SECTION 1. *Purpose.* The purposes of this act are: to achieve high quality elementary and secondary educational programs for all children in this state; to assure substantial parity in the financial support of public elementary and secondary schools, while taking due account of the differences among pupils in their educational needs; and to relieve the local property tax base of much of the financial burden of elementary and secondary education, thereby releasing local property tax resources for the support od other local public services. To accomplish these purposes the legislature declares it to be a responsibility of the state to assure that the quality and degree of educational opportunity does not depend upon the incidence of local wealth, while assuring that educational policy making authority is continued to be exercised by local school [districts] as provided by law.

SECTION 2. *Definitions.*

(a) "Department" means the state department of education.

(b) "Enrolled pupil" means a pupil registered and in attendance at a public elementary or secondary school on [October 1] of a given year.

(c) "Extra additional expenditure" means the amount in excess of maximum allowable expenditure which the district proposes to finance by an additional school levy.

(d) "Maximum allowable expenditure" means the cost necessary, as determined by the department, to provide adequate regular and special educational services to pupils enrolled in school in the respective school [*districts*] of the state.

(e) "Regular educational services" means those instructional and supporting services provided to enrolled pupils not including special services provided to disadvantaged pupils.

(f) "Special educational services" means those additional instructional and supporting services provided to public school pupils who are economically disadvantaged, physically or mentally handicapped, or whose [first] [dominant] language is other than English.

SECTION 3. *Differentials in Educational Need.*

(a) In the financing of public elementary and secondary education in this state the department and local boards of education shall maintain current information by school attendance area, school [*district*], county, and the state as a whole for the following classifications:[1]

---

[1]States may wish to insert a provision regarding the confidentiality of names of individuals in all or certain of the classifications because of possible stigmatization.

[2]Although not counted in formulas, the number of this category comprises an imminent additional burden; some state may choose to assign to some other agency responsibility for conducting this type of census activity; in any event, such a count is essential if the state is to meet its legal obligation concerning education of handicapped children.

(1) number of enrolled pupils;

(2) number of school-age children in families receiving grants under the program for aid to dependent children;

(3) number of enrolled pupils from families receiving grants under the program for aid to dependent children;[1]

(4) number of enrolled pupils whose [first] [dominant] language is other than English;

(5) number of handicapped children, by the subclassifications set forth in Section 4 below;[1]

(6) number of school-age handicapped and severely handicapped children not enrolled in school; and[2]

(7) such other classifications as may be determined by the [*chief state school officer*] to be necessary to assure recognition of differentials of educational need for enrolled pupils and for pupils not enrolled but of school age and entitled to public educational services.

(b) (1) On or before [*date*] local boards of education shall have enrolled all school-age children determined to be handicapped or severely handicapped, whose parents or guardians are desirous of enrolling them, and after enrollment shall provide to all such children comprehensive program of special educational services, pursuant to [*cite statutes dealing with education of handicapped children*].

(2) On or before [*date*] local boards of education shall have established bilingual [and bicultural] programs for all pupils whose [first] [dominant] language is other than English, pursuant to [*citation of statutes dealing with bilingual educational standards and programs*].

(3) On or before [*date*] the [*chief state school officer*] shall report to the governor and the [*legislature*] the estimated total costs to provide special educational services for children with learning disabilities; children whose [first] [dominant] language is other than English; and children with physical, mental, and emotional handicaps. The [*chief state school officer*] shall apportion such estimated costs as between:

(i) a regular state-local share equal to the product of the total number of children identified in the three aforementioned classifications in each local school district by the average per pupil expenditure for the district for the previous fiscal year; and

(ii) a state share equivalent to [100] percent of the remainder of the total estimated cost for disadvantaged children for all districts. These shares shall be used by local boards of education and the department in the allocation of state funds for education as set forth in Section 4[3] below.

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[1]States may wish to insert a provision regarding the confidentiality of names of individuals in all or certain of the classifications because of possible stigmatization.

[2]Although not counted in formulas, the number of this category comprises an imminent additional burden; some state may choose to assign to some other agency responsibility for conducting this type of census activity; in any event, such a count is essential if the state is to meet its legal obligation concerning education of handicapped children.

[3]Applies to both alternative versions of *Section 4*.

[*Alternative 1.*]

[SECTION 4. *Allocation of Educational Costs as Between the State and Local School Districts.*

(a) (1) On or before [*date*] and each year thereafter, the department shall publish budget guidelines for the ensuing [school] [fiscal] year. Such guidelines shall constitute the basis for determining the maximum allowable expenditure for each school [*district*] and shall consist of the following:

(i) salary ranges for each category of [instructional] personnel;

(ii) salary ranges for each category of [supporting] personnel;

(iii) salary ranges for [administrative] [or other] personnel;

(iv) ratios of [professional] personnel to enrolled pupils under standard and other conditions;

(v) ratios of instructional materials, or costs thereof, to enrolled pupils under standard and other conditions;

(vi) such other items as determined by the department.

(2) The annual budgets prepared by the department and submitted to the [governor] [state budget agency] and the [*legislature*] shall contain the guidelines specified in (1) above as are in use currently or are scheduled for revision.

[*Optional provision.*]

[(3) For the [first] year following the effective date of this act, the departmental guidelines shall be so constructed as to accommodate to a total expenditure of state funds under this act that represents an increase of no more than [ ] percent over corresponding expenditures during the preceeding fiscal year].[1]

(b) Effective [*date*], each school [*district*] in the state shall levy an *ad valorem* tax for school purposes upon taxable real property in the [*district*] of [mills on equalized values] [rate necessary to produce an amount equal to a rate of [ ] mills upon taxable real property in the [*district*], equalized to full value by the state board of equalization.][2]

(c) For the school fiscal year beginning [*date*] and thereafter, each school [*district*] shall prepare a budget of estimated revenues and expenditures.

(1) The [*district*] shall include as revenues:

(i) the estimated yield of the mandated local property tax for school purposes prescribed in subsection (a) above;

(ii) miscellaneous local non-property tax revenues, including but not limited to such items as tuition payments from out-of-district pupils, parent payments under school lunch programs, and

[1] This type of transition provision enables the legislature to restrain the dollar magnitude of the state aid amount until the new equalization structure stabilizes.

[2] The intent here is to provide for a statewide, locally imposed property tax at a uniform rate. In states where property tax assessments are equalized on a statewide basis, a specified rate upon the local base as equalized is sufficient. In states that do not equalize assessments, the rate will need to be stated as one necessary to produce an amount equal to what would be the yield from the state mandated rate upon an equalized assessable base.

gym or locker fees;

(iii) funds received directly from the Federal government; and

(iv) an amount equal to the state share of additional costs for special educational services, as prescribed in Section 3(b) (3) above.

(2) The district shall include, as expenditures:

(i) the cost of instructional and other personnel, books, supplies, and other instructional materials, including the cost of special educational services; and other necessary instructional costs;

(ii) the cost of maintaining land, buildings, and equipment, including transportation;

(iii) the cost of debt service;

(iv) the cost of teacher retirement and other personnel benefits; and

[(v) other specified costs].

(d) Each [*district*] shall submit its school budget to the department on or before [*date*] of each year. The department shall review the budget and shall return it to the [*district*] on or before [*date*] with the following determinations;

(1) verification or correction of costs, additional costs, and cost shares for providing educational services to disadvantaged pupils as prescribed in Section 3(b)(3) above;

(2) verification or correction of estimated yield from the mandated local property tax;

(3) breakdown of estimated expenditures as between "maximum allowable" and "extra-additional" for purposes of state school aid, based upon the application of budgetary guidelines provided in Section 4(a).[1] In the computation of maximum allowable expenditures, the department shall employ the following differentials of need and cost, with the number 1.0 being the per pupil cost of providing adequate, regular educational services to non-disadvantaged pupils in grades [four through ten]:[2]

Adequate Regular	*Cost Factor*[3]
Kindergarten and grades 1, 2, and 3	[1.20]
Grades 4 through 10	[1.00]
Grades 11 and 12	[1.10]
Special Programs	
Educable mentally retarded	[1.30]
Trainable mentally retarded	[2.00]

[1]In contrast to traditional forms of state school aid wherein a statewide dollar amount per pupil is specified, the determination of the statewide school aid amount is derived from aggregating district budget estimates, developed in accordance with ratios and other criteria issued by the state education agency.

[2]Some states may choose to interpose graduations on weightings provided, such as increasing the 1.0 base in particular systems or geographic areas.

[3]It allows for substantial difference in educations costs and needs between schools otherwise comparable in enrollment size and proportion of disadvantaged pupils. These differences include, for example, those arising from differing levels of prices and wages in rural and urban areas (and consequent wide variation in teacher and other salaries) and those arising from a higher proportion of beginning teachers in one district as compared to another.

Learning disabilities	[4.00]
Emotionally disturbed	[2.00]
Deaf and hard of hearing	[1.50]
Speech therapy (full-time equivalent)	[9.00]
Visually handicapped	[4.00]
Hospital and homebound (full-time equivalent)	[9.00]
Economically disadvantaged	[1.00]
Bilingual program	[1.00]
Concentrations of bilingual and disadvantaged pupils	[ ]
[Additional factors][1]	[ ]

The cost factor for each enrolled pupil in a special program or programs is the sum of the special program factor or factors and the adequate regular factor.

(4) maximum allowable expenditures shall also be adjusted by the application of cost of living factors, by county, [as recommended by the department and approved by the governor, [*legislature*].

(e) In the school [*districts*] where the estimated revenues equal or exceed the maximum allowable expenditures as determined by the department pursuant to subsection (d) above, there shall be no further financial contribution by the state to that [*district*] for that fiscal period other than an amount equal to the state share of additional costs for disadvantaged pupils [exclusive of state categorical aids other than special-education]. The proceeds of the state mandated local tax of any district which exceeds maximum allowable expenditures shall be paid into the state [*school fund*].

(f) (1) The amount by which maximum allowable expenditures for any school [*district*] exceed the revenues to be derived from the state mandated local tax and the state share of additional costs for disadvantaged pupils, combined with miscellaneous revenues from other sources, [including state and Federal impact and categorical aid,] will be paid by the department to such [*district*] from the state [*school fund*].

(2) Such payments to [*districts*] will be made by the department on or about [*date*] of each year.

(g) School [*districts*] are authorized to impose an additional school levy on real property at a rate not to exceed [mills] [that necessary to produce an amount not exceeding 10 percent of maximum allowable expenditures as determined by the department.][2] The amount by which the rate

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[1]Other categories that might be weighted include pupils in schools with concentrations of handicapped, economically disadvantaged, and non-English speaking pupils, schools located in large cities with unusually heavy non-educational expenditures, pupils enrolled in specialized vocational or technical courses, etc.

[2]This allowable levy may need to be made more liberal or flexible during the first one or two years following the effective date of the act, commensurate with the transition provision of *Section 4(a)(3)*.

produces less than [$] per mill shall be paid from the state [*school fund*]. Any amount by which the rate imposed produced more than [$] per mill, the excess dollars per mill of levy shall be paid into the state [*school fund*].[1]

(h) On or before [*date*] of each year the department will complete a mid-year review of enrollment changes in [*districts*] in the state and will reallocate available funds for the duration of the year among those districts experiencing enrollment increases or declines of [ ] percent or more from those contained in school budgets submitted pursuant to subsection (d) above.]

[*OR*]

[*Alternative 2.*]

[SECTION 4. *State Support Plan.*

(a) The [*chief state school officer*] shall prepare a state school support plan for inclusion in the [*annual*] budget submitted by the governor to the [*legislature*]. The state school support plan shall include:

(1) information required to determine an adequate level of state financial support for public elementary and secondary education for each local school [*district*]; and

(2) amounts of state funds recommended to be allocated to each public school [*district*] to implement an elementary and secondary educational program that meets all requirements of state law.

(b) In developing the state school support plan, the [*chief state school officer*] shall identify and estimate for each public school [*district*]:

(1) the cost of providing elementary and secondary educational services and facilities, including special educational services and facilities, and the number and kinds of instructional and other personnel; and

(2) the cost of acquiring and maintaining land, buildings, and equipment, including transportation equipment.

(c) In determining the cost of special education services, the [*chief state school officer*] shall take into consideration the following factors among others:

(1) the number of pupils falling below minimum educational competence as established by standardized tests or other appropriate assessment and evaluation measures;

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[1]By this provision, supplemental local levies, although under a strict ceiling, are further "power equalized" in amount, with the excess being recaptured for the state school fund. The following language (taken from Maine, Title 20, Chapter 510, Section 3713(7)) provides a more specific description:

The legislative body of the administrative unit may, in addition to any local funds raised and appropriated under subsection [ ], authorize an additional expenditure per pupil for either elementary or secondary pupils, or both, not to exceed a local appropriation of [2½] mills on the state valuation of the unit adjusted to 100 percent valuation. If the additional school levy authorized under this section fails to produce [$50] per pupil per mill levied, the [commissioner] shall add to the allocation of the unit for the unit's fiscal year a sum which, when combined with the local levy, shall equal [$50] per pupil per mill; said sum may be paid during the last month of the unit's fiscal year. Whenever a unit has authorized an additional school levy under this section, it shall pay to the [treasurer] that part of its appropriation which is in excess of [$50] multiplied by the average number of resident pupils on [October 1st and April 1st of the preceding year], times the authorized additional number of such mills. Any unit which has been required to increase its school appropriation by [2½] mills under the provisions of section [ ] shall be exempted from paying in that year to the [treasurer] that portion of its additional school levy which exceeds [$50] per pupil.

(2) the number of children under [19] not attending school who have not completed 12 grades;

(3) the number of enrolled pupils whose primary language is other than English;

(4) the number of handicapped or severely handicapped children, enrolled and non-enrolled;

(5) the number of children[1] counted in determining a grant from the Federal government under Title I of *Public Law 89-10*, 20 U.S.C.A. 241c, as amended; and

(6) application of cost of living factors, by county, as developed by the department and approved by the governor and/or [*legislature*].

(d) In developing the state school support plan, the [*chief state school officer*] shall compute per pupil costs in accordance with the following weights, with 1.0 representing per pupil cost of providing basic educational services to non-disadvantaged pupils [in grades four through ten]:[2]

Adequate Regular	*Cost Factor*[2]
Kindergarten and grades 1, 2, and 3	[1.20]
Grades 4 through 10	[1.00]
Grades 11 and 12	[1.10]
Special Programs	
Educable mentally retarded	[1.30]
Trainable mentally retarded	[2.00]
Learning disabilities	[4.00]
Emotionally disturbed	[2.00]
Deaf and hard of hearing	[1.50]
Speech therapy (full-time equivalent)	[9.00]
Economically disadvantaged	[1.00]
Visually handicapped	[4.00]
Hospital and homebound (full-time equivalent)	[9.00]
Bilingual program	[1.00]
Concentrations of bilingual and disadvantaged pupils	[ ]
[Additional Factors][3]	[ ]

The cost factor of each enrolled pupil in a special program or programs is the sum of the special program factor, or factors, and the adequate regular factor.

[*Optional subsection.*]

[(e) For the [first] year following the effective date of this act, the [*chief state school officer*]

[1]From low income families and from families receiving payments under the state program of aid to families with dependent children.

[2]Some states may choose to interpose graduations in weightings provided, such as increasing the 1.0 base in particular systems or geographic areas.

[3]Other categories that might be weighted include pupils enrolled in vocational, technical, or other specific, highly specialized courses; and pupils in schools with high concentrations of non-English speaking, handicapped or economically disadvantaged enrollees.

will develop the state school support plan within a total dollar amount representing an increase of not to exceed [ ] percent over total state-local expenditures for public elementary and secondary education during the preceding fiscal year, exclusive of Federal aid.]

(f) Upon request of the [*chief state school officer*], the [*superintendent*] of each public elementary and secondary school [*district*] shall provide any information, including financial records, which the [*chief state school officer*] requires for the development of the state school support plan.

(g) The funds provided by the state for the support of public elementary and secondary education shall be allocated by the [*chief state school officer*] to the several public elementary and secondary school [*districts*] of the state in a manner that will carry out the state school support plan. The [*chief state school officer*] shall notify the [*state disbursing officer*] of the amounts allocated to each local [*district*] and shall notify the [*superintendent*] of each local [*district*] of the amount allocated to it. The [*state disbursing officer*] shall make [*quarterly*] payments to the [*districts*] of the amounts so allocated.

(h) In addition to the amount allocated pursuant to subsection (g) above, any public elementary and secondary school [*district*] may spend, for school purposes, from the levy and collection of taxes and charges authorized by law to be imposed in the jurisdiction, an amount not to exceed [10] percent of the amount so allocated.]

[*End of two alternatives.*]

SECTION 5. *Intradistrict Allocation of Funds.* By the [ ] school year, [90] percent of district funds available for operating expenses shall be expended in the programs and in the individual schools generating the funds according to the cost factors and weightings set forth in Section 4 above.[1]

SECTION 6. *Reports.*

(a) On or before [*date*], the [*chief state school officer*] shall submit a report to [the governor, [*legislature*]] on problems encountered in the implementation of this act, including alternative possible treatment thereof; the report shall include recommendations as to any legislative changes believed necessary to achieve the purposes set forth in Section 1.

(b) On or before [*date*] and every [two] years thereafter, the [*chief state school officer*] shall submit a report to [the governor, [*legislature*]] on the validity of the pupil weightings contained in Section 4 with recommendations, accompanied by supporting data, as to numerical changes in weightings and the addition, deletion, or other modification in the factors to be weighted.

SECTION 7. *Repeal of Conflicting Acts or Selections of Acts.* [*Insert repealing clause.*]

SECTION 8. *Separability.* [*Insert separability clause.*]

SECTION 9. *Effective Date.* [*Insert effective date.*]

[1]This section ensures that in multischool districts, the individual schools that by per pupil weighted count generated the funds receive primary benefit from such funds. For example, money coming to the district because of high enrollments of handicapped or disadvantaged pupils could not be diverted to more affluent neighborhoods or into general school administration.

9.002 AREAWIDE TAX BASE FOR SCHOOL FINANCING[1]

Shortcomings in educational programs resulting from the unequal distribution of tax resources and the unequal costs of educating children can be tackled by marshalling resources within a region rather than within the entire state. If a state does not provide a fully effective statewide program for equalizing opportunity, a limited or metropolitan approach offers a method for supplementing a deficient state aid program. This metropolitan educational finance measure is designed to deal with one of the most pressing social problems of our time — the need to design a system for financing education that enables all school districts within the metropolitan area to implement the concept of equal educational opportunity.[2] While the disparities between central city and suburbs claim most public attention, anyone familiar with the fiscal landscape of suburbia is keenly aware of the fact that it does not present a uniform picture of affluence. On the contrary, suburbia fairly bristles with contrasts between rich, poor, and middle income jurisdictions.[3]

In a 1967 report on *Metroplitan Fiscal Disparities* (p. 9) the Advisory Commission on Intergovernmental Relations called for the establishment of what is called an "areawide school tax base." The Commission stated: "If the fabric of the American federal system of government is to be preserved, our metropolitan communities, which are becoming increasingly interdependent economically, must adjust to more of an areawide approach to the financing of public services, especially education which trains much of the future manpower supply of the area as a whole."

To create a financial environment that contributes substantially to the equality of educational opportunity within metropolitan areas, two basic steps are involved: first, a policy whereby the growth in the tax base arising from industrial and large commercial properties is shared among the individual local jurisdictions that make up the metropolitan community (usually, neighboring units bear part of the burden of sustaining such activities through housing some of the labor force and providing customers); second, the creation of a framework whereby the property tax base of the entire area supports, wholly or partly, the construction, operation, and maintenance of the schools that serve the population of the area.

In the suggested legislation that follows, *Title I*, drawn entirely from the *Minnesota Metropolitan Development Law of 1971* (Ch. 473F), provides for sharing of part of the growth in the commercial-industrial property tax base of individual jurisdictions among all general local governments and school districts in the area.

Title II establishes a metropolitanwide base for financing most of the local costs of public elementary and secondary education in the area. No state has yet enacted a metropolitan school taxing district of the type proposed, although the concept has received serious study in several state legislatures with respect to particular metropolitan areas. The suggested measure is designed:

(1) to eliminate the accidents of local property tax geography in school finance. The measure set forth below would subject all taxable property within the metropolitan area to a basic school levy and thereby largely remove the possibility that industrial enclaves and local fiscal zoning will shield certain property from the legitimate burdens borne by the wider community for public schools;

(2) to provide the requisite funds to those school districts confronted with the task of educating a disproportionately large number of "high cost" students (the educational overburden problem). The formula for distributing the proceeds of the areawide tax would recognize and compensate for the unequal distribution of socially and culturally deprived students among the school districts within the metropolitan area;

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[1]Derived from: Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the American Federal System; Vol. 2, Metropolitan Fiscal Disparities*, Report A-31 (Washington, D.C.: U.S. Government Printing Office, October, 1967).

[2]Equalization of educational needs on a statewide basis is provided in draft legislation *State Financing of Public Elementary and Secondary Schools*.

[3]Interlocal disparities in educational needs and fiscal resources are narrowed greatly where the schools are financed on a countywide basis; this now occurs in about 20 states.

(3) to provide the requisite funds to those school districts hampered in their efforts to finance an acceptable level of education due to extraordinary tax demands for their municipal type functions such as public safety, public welfare, and other public services and facilities (the municipal overburden problem). The formula for distributing the proceeds of the areawide tax would give due weight to the overall local tax burden (school and non-school) borne by taxpayers in each local school district; and

(4) to assure that state aid to local school districts within the metropolitan area reinforces this compensatory approach, this measure would direct the head of the state education department to channel all general state aid compensatory funds for local school districts within the metropolitan region through the regional financing authority. These state aid funds then could be distributed in the same equalizing fashion as the locally derived funds are distributed among local school districts.

The proposal embodied in the following draft legislation would increase fiscal support of those schools in greatest need while keeping school policy and school administration in the hands of the area's individual school districts.

It would not interfere with the right of each local school district to (a) select its own superintendent, (b) chart its own educational policy consistent with state law, and (c) impose a supplemental local tax rate if it wants to underwrite a program above the areawide standard.

In order to initiate a method to match educational needs with local revenue resources, the proposed legislation directs the governor to create a metropolitan educational equalization authority if the chief educational officer of the state finds that significant disparities exist among school districts in the metropolitan area. The proposal sets forth specific guidelines for determining the existence of significant disparities between resources and educational needs.

In addition, equalization guidelines are provided for the members of the metropolitan equalization authority to follow in drawing up a specific formula for distributing the proceeds of the areawide tax among the constituent school districts. The guidelines place heavy emphasis on the need to compensate for both educational and municipal overburden factors.

To insure that a substantial degree of equalization is effected, the draft legislation sets forth a "standby" distribution formula that becomes operative unless representatives of the local school boards representing at least 80 percent of the school children within the metropolitan area concur in their own formula for interdistrict equalization. As an additional incentive to encourage agreement on a local formula, the draft bill provides that state aid be channeled to local districts in accordance with a local formula approved with the concurrence of representatives of school districts containing a large proportion of the combined pupil enrollment.

In some states, a constitutional amendment to permit the organization of school finance responsibilities along multicounty rather than local school district lines may be necessary prior to the enactment of this legislation. Such an amendment is suggested following the proposed legislation in *Title II*.

Section 1 of *Title I* gives the purpose of the title. *Section 2* provides definitions used in the act. (Minnesota property tax classifications and categories are used in order to show the kind of classification definition that might be necessary.) *Section 3* provides for the selection of an administrative auditor responsible for making and certifying the calculations needed to carry out the purposes of the act. *Section 4* details the calculations and certifications necessary to arrive at an areawide tax base.

Section 5 prescribes the method for determining the tax collections of each jurisdiction derived from applying an areawide tax rate to 40 percent of the growth in the commercial-industrial base and placing such deductions in an areawide tax fund maintained by the state treasurer for distribution, *via* county treasurers, of the areawide tax fund among eligible jurisdictions.

Section 6 provides for certain adjustments in dates. *Section 7* deals with reassessed and omitted property.

Section 8 prescribes the manner in which distributions are made to municipalities from a "municipal equity account" in the state treasury. *Section 9* deals with the question of how municipal annexations or detachments are to be handled in the formula.

Section 1 of *Title II* sets forth the purpose of the title.

Section 2 defines "Urban Metropolitan School Districts."

Section 3 establishes the procedure whereby the chief state school officer ascertains the range of fiscal disparities prevailing among constituent school districts within a Standard Metropolitan Statistical Area.

Sections 4 and 5 provide, respectively, for the establishment of a metropolitan educational financing district and a metropolitan educational equalization authority to carry out the determinations set forth in the title.

Section 6 mandates the determination and levy of a tax rate necessary to raise the total local share of school revenue required under relevant state aid statutes.

Section 7 prescribes the adoption of a distribution formula for the amounts collected with required consideration of disadvantaged or otherwise "high cost" students, local government tax burdens, and available state aid, among other factors.

Section 8 sets forth the responsibilities of the chief state school officer in providing necessary data.

Section 9 prescribes the collection of taxes under the rate established earlier.

Section 10 confers permission to levy additional taxes, with an optional ceiling.

Sections 11 and 12 provide for separability and effective date clauses, respectively.

In the suggested constitutional amendment at the end of *Title II, Section 1* authorizes the establishment of multicounty education finance districts. *Section 2* repeals parts of the constitution in conflict with such action. *Section 3* provides for submission of the amendment to the electorate.

[AN ACT TO AUTHORIZE THE FINANCING OF SCHOOLS AND OTHER ESSENTIAL PUBLIC SERVICES ON AN AREAWIDE BASIS IN DESIGNATED METROPOLITAN AREAS OF THE STATE]

(Be it enacted, etc.)

PURPOSE. It is the purpose of this act to enable the sharing, among constituent local units of government in designated metropolitan areas, of the commercial-industrial tax base and to provide machinery for the levy and collection of property taxes for school purposes on an areawide basis in [such] [designated] metropolitan areas.[1]

Title I

CREATION OF METROPOLITAN COMMERCIAL-INDUSTRIAL PROPERTY TAX BASE[2]

SECTION 1. *Metropolitan Areas; Distribution of Revenues; Purpose.* The [*legislature*] finds it desirable to improve the revenue raising and distribution system in the [*area or areas*] to accomplish the following objectives:

(a) to provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources which local governments already have;

(b) to increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities, and airports;

(c) to establish incentives for all parts of the area to work for the growth of the area as a whole;

(d) to provide a way whereby the area's resources can be made available within and through the existing system of local governments and local decision making;

(e) to help communities in different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest;

(f) to encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for parks and open space can be preserved; and

(g) to provide for the distribution to municipalities of additional revenues generated within the

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[1] In states which have established substate districts for purposes of regional planning, Federal aid administration, and/or decentralization of state programs, the boundary of such districts should be considered as a possible substitution for metropolitan area boundaries as defined by the Federal government.

[2] This title is lifted nearly verbatim from Minnesota statutes; details as to Minnesota's property tax system are included unchanged, as suggestive of the type of detail needed to meet legal and substantive problems.

area or from outside sources pursuant to other legilsation.[1]

SECTION 2. *Definitions.* The terms defined in this section shall have the meanings therein ascribed to them for purposes of this act unless context otherwise requires:

(a) "Adjusted fiscal capacity" of a municipality means the product of its fiscal capacity and the sum of its locally raised revenues and public grants, divided by its locally raised revenues.

(b) "Administrative auditor" means the person selected pursuant to Section 3.

(c) "Area" means the territory included within the boundaries of [ ] counties.[2]

(d) "Average fiscal capacity" of municipalities means the sum of the valuations of all municipalities, determined as of January 2 of any year, divided by the sum of their populations, determined as of a date in the same year.

(e) "Base adjusted fiscal capacity" for municipalities for any year means the highest adjusted fiscal capacity of any qualifying municipality in that year.

(f) "Central county" means the most populous county in an area around which the area is delineated.

(g) "Commercial-industrial property" means the following categories of property, as defined in [*cite appropriate state law*], excluding that portion of such property which may, by law, constitute the tax base for a tax increment pledged pursuant to [*cite appropriate state law*], to the extent and while such tax increment is so pledged; which may, by law, constitute the tax base for tax revenues set aside and paid over for credit or to a sinking fund pursuant to direction of the city council in accordance with [*cite appropriate state law*], to the extent that such revenues are so treated in any year; or which is exempt from taxation pursuant to [*cite appropriate state law*]:

(1) that portion of [*class 3*] property consisting of stocks of merchandise and furniture and fixtures used therewith, manufacturers' materials and manufactured articles; and tools, implements, and machinery, whether fixtures or otherwise;

(2) [*class 3h*] property;

(3) [*class 3j*] property;

(4) that portion of [*class 4*] property which is either used or zoned for use for any commercial of industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

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[1]If it is desired to have county governments share in the distribution of commercial-industrial tax revenues, the provisions of this act would need to be modified in appropriate places.

[2]This definition applies only to a single area. If more than one area is to be included, reference to SMSA or substate district designations may be used, or each area may be named specifically in the statute, along with component counties.

If the classification of property prescribed by [*cite appropriate state law*] is modified by legislative amendment, the references in this subdivision shall be to such successor class or class of property, or portions thereof, as embrace the kinds of property designated in this subdivision;

(5) that property valued and assessed under [*cite appropriate state law*].

(h) "Fiscal capacity" of a municipality means its valuation, determined as of January 2 of any year, divided by its population, determined as of a date in the same year.

(i) "Fiscal effort" of a municipality for any year means its locally raised revenues in that year, divided by its valuation in that year.

(j) "Governmental unit" means a county, city, village, borough, town, school district, or other taxing unit or body which levies *ad valorem* taxes, in whole or in part within the area.

(k) "Levy" means the amount certified to the county [*auditor*] pursuant to [*citation*] less all reductions made by the [*auditor*] pursuant to any provision of law in determining the amount to be spread against taxable property.

(l) "Locally raised revenues" means the total money receipts of a municipality, including those of its constituent agencies, boards, commissions, and other bodies, from all sources and for all purposes, reduced by the expenses, including a reasonable allowance for depreciation of capital assets, incurred in the operation by the municipality of facilities for the production or sale of electricity, water, gas, heat, or telephone service, except that locally raised revenues shall not include:

(1) revenues derived from the operation of [*municipal liquor stores*];

(2) public grants, as defined in subsection (r), except that for purposes of this subsection the amount prescribed by subsection (r)(2) shall be multiplied by ten;

(3) grants or gifts from private persons, unless made by an entity exempt from *ad valorem* taxation in an amount which does not exceed the *ad valorem* tax which would have been payable by the entity during that year for the benefit of the recipient if the exemption did not exist; and

(4) the proceeds of any indebtedness incurred by the municipality.

The [*public examiner*] shall certify the locally raised revenues of each municipality for each year to the state [*auditor*] not later than September 1 of the subsequent year. If the fiscal year of a municipality ends on a date other than December 31, the certification shall relate to the fiscal year which ended in the calendar year preceding that in which the certificate is required to be made, and references in this act to the locally raised revenues of a municipality in a specified year shall be deemed to refer to the fiscal year ended in the specified calendar year.

(m) "Market value" of real property within a municipality means the "actual market value" of real property within the municipality, determined in the manner and with respect to the property described for school districts in [*cite appropriate state law*]; except that no adjustment shall be made for property on which taxes are paid into the state treasury under gross earnings tax laws applicable

to common carrier railroads. For purposes of this act, the [*equalization aid review committee*] shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under [*cite appropriate state law*], in the same manner and at the same times as are prescribed by that subdivision. The [*auditor*] of each county and the [*commissioner of taxation*] shall annually determine and certify to the state [*auditor*], for each municipality, information comparable to that required of each of them by [*cite appropriate state law*] for school districts, as soon as practicable after it becomes available. The state [*auditor*] shall then compute the market value of property within each municipality.

(n) "Metropolitan area municipal equity account" or "municipal equity account" means the moneys deposited in the state [*treasury*] and credited to the account, for distribution to municipalities in accordance with this act, pursuant to other legislation. A metropolitan area municipal equity account is hereby established in the state [*treasury*].

(o) "Metropolitan council" or "council" means the metropolitan council created by [*citation*].

(p) "Municipality" means a city, village, borough, town, or township located in whole or in part within the area. If a municipality is located partly within and partly outside the area, the references in this act to property, or any portion thereof, subject to taxation or taxing jurisdiction within the municipality are to such property, or portion thereof, as is located in that portion of the municipality within the area, except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.

(q) "Population" means the most recent estimate of the population of a municipality made by the metropolitan council and filed with the state [*auditor*]. The council shall annually estimate the population of each municipality as of a date which it determines and, in the case of a municipality which is located partly within and partly outside the area, the proportion of the total which resides within the area, and shall promptly thereafter file its estimates with the state [*auditor*].

(r) "Public grants" means (1) the sum of all moneys received by a municipality pursuant to [*state aid citations*] and (2) one-tenth of all other moneys received by a municipality from the Federal and state governments, and their agencies and political subdivisions, under programs of intergovernmental aids and grants distributed by formula or upon application. The [*public examiner*] shall certify the public grants of each municipality for each year to the [*auditor*] not later than September 1 of the subsequent year.

(s) "Qualifying municipality" means each city, village, or borough which is located in whole or in part within the metropolitan area and which has a population of not less than 2,500.

(t) "Residential property" means the following categories of property, as defined in [*cite appropriate state law*], excluding that portion of such property exempt from taxation pursuant to [*cite appropriate state law*]:

(1) [*class 3b*] property;

(2) [*class 3c*] property;

(3) [*class 3cc*] property;

(4) [*class 3f*] property;

(5) that portion of [*class 4*] property used exclusively for residential occupancy;

(6) that property valued and assessed under [*cite appropriate state law*].

(u) "Valuation" means the market value of real property within a municipality.

SECTION 3. *Administrative Auditor.*

(a) On or before [July 1] of the year in which this act takes effect and each subsequent even numbered year, the [*auditors*] of the counties within the area shall meet at the call of the [*auditor*] of the central county and elect from among their number one [*auditor*] to serve as administrative auditor for a period of two years and until his successor is elected. If a majority is unable to agree upon a person to serve as administrative auditor, the state [*auditor*] shall appoint him from among the auditors of the counties in the area. If the administrative auditor ceases to serve as a county [*auditor*] within the area during the term for which he was elected or appointed, a successor shall be chosen in the same manner as is provided herein for the original selection to serve for the unexpired term.

(b) The administrative auditor shall utilize the staff and facilities of the [*auditor's office*] of the county he serves to perform the functions imposed upon him by this act. His county shall be reimbursed for the marginal expenses incurred by its county [*auditor*] and his staff hereunder by contributions from each other county in the area in an amount which bears the same proportion to the total expenses as the population of the other county bears to the total population of the area. The administrative auditor shall annually, on or before [February 1], certify the amounts of total expense for the preceding calendar year, and the share of each county, to the [*treasurer*] of each other county. Payment shall be made by the [*treasurer*] of each other county to the [*treasurer*] of the county incurring the expense on or before the succeeding [March 1].

SECTION 4. *Assessment Calculations.*

(a) *Assessed Valuation; Base Year.* On or before [November 20] of the year in which this act takes effect the [*assessors*] within each county in the area shall determine and certify to the county [*auditor*] the assessed valuation in the previous calendar year of commercial-industrial property subject to taxation within each municipality in his county.

(b) *Assessed Valuation.* On or before [November 20] of the year in which this act takes effect and each subsequent year, the [*assessors*] within each county in the area shall determine and certify to the county [*auditor*] the assessed valuation in that year of commercial-industrial property subject to taxation within each municipality in his county.

(c) *Increase in Assessed Valuation.* On or before [November 20] of the year in which this act

takes effect and each subsequent year, the [*auditor*] of each county in the area shall determine the amount, if any, by which the assessed valuation in that year of commercial-industrial property subject to taxation within each municipality in his county exceeds the assessed valuation in the base year established in accordance with subsection (a) above of commercial-industrial property subject to taxation within that municipality. If a municipality is located in two or more counties within the area, the [*auditors*] of those counties shall certify the data required by subsections (a) and (b) to the county [*auditor*] who is responsible under other provisions of law for allocating the levies of that municipality between or among the affected counties. That county [*auditor*] shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under subsection (d). Notwithstanding any other provision of this act to the contrary, in the case of a municipality which is designated on the effective date of this act as a redevelopment area pursuant to Section 401 (a)(4) of the *Public Works and Economic Development Act of 1965*, P.L. 89-136, the increase in its assessed valuation of commercial-industrial property for purposes of this section shall be determined in each year subsequent to the termination of such designation by using as a base the assessed valuation of commercial-industrial property in that municipality in the year following that in which such designation is terminated, rather than the assessed valuation of such property in the base year established in subsection (a) above.

(d) *Computation of Areawide Tax Base.* (1) Each county [*auditor*] shall certify the determinations pursuant to subsections (a), (b), and (c) to the administrative auditor on or before [November 20] of the year in which this act takes effect and each subsequent year. The administrative auditor shall determine the sum of the amounts certified pursuant to subsection (b) and divide the sum by 2.5. The amount resulting for each year shall be known as the "areawide tax base" for that year.

(2) The state [*auditor*] shall certify to the administrative auditor, on or before [November 20] of the year in which this act takes effect and each subsequent year, the population of each municipality for the preceding year, the proportion of that population which resides within the area, the average fiscal capacity of municipalities for the preceding year, and the fiscal capacity of each municipality for the preceding year.

(3) The administrative auditor shall determine, for each municipality, the product of (i) its population, (ii) the portion which the average fiscal capacity of municipalities for the preceding year bears to the fiscal capacity of that municipality for the preceding year, and (iii) two. The product shall be the areawide tax base distribution index for that municipality, provided that:

(i) if the product in the case of any municipality is less than its population, and

(ii) if a municipality is located partly within and partly outside the area, its index shall be that which is otherwise determined hereunder, multiplied by the porportion which its population residing within the area bears to its total population as of the preceding year.

(4) The administrative auditor shall determine the proportion which the index of each municipality bears to the sum of the indices of all municipalities. In the case of each municipality, he shall then multiply this proportion by the areawide tax base.

(5) The product of the multiplication prescribed by paragraph 4 shall be known as the "areawide tax base" for each year attributable to each municipality. The administrative auditor shall certify such products for municipalities to the [*auditor*] of the county in which such municipalities are located on or before [November 25] of each year.

SECTION 5. *Taxable Value.*

(a) The county [*auditor*] shall determine the taxable value of each governmental unit within his county in the manner prescribed by this section.

(b) The taxable value of a governmental unit is assessed valuation, as determined in accordance with other provisions of law, subject to the following adjustments.

(1) There shall be subtracted from its assessed valuation, in each municipality in which the governmental unit exercised *ad valorem* taxing jurisdiction, an amount which bears the same proportion to [40] percent of the amount certified in that year pursuant to subsection (c) in respect to that municipality as the total assessed valuation of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total assessed valuation of commercial-industrial property within the municipality.

(2) There shall be added to its assessed valuation, in each municipality in which the governmental unit exercises *ad valorem* taxing jurisdiction, an amount which bears the same proportion to the areawide base for the year attributable to that municipality as the total assessed valuation of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total assessed valuation of residential property of the municipality.

(c) On or before [November 30] of the year and each subsequent year, each county [*auditor*] shall apportion the levy of each governmental unit in his county in the manner prescribed by this subdivision. He shall:

(1) determine that portion of the levy which bears the same proportion to the total levy as the amount set forth in subsection (b)(2) bears to the taxable value of the governmental unit; and

(2) determine the excess of the levy over that portion of the levy determined pursuant to paragraph (1).

(d) In the year in which this act takes effect and subsequent years, each county [*auditor*] shall divide that portion of the levy determined pursuant to subsection (c), paragraph (2) by the assessed valuation of the governmental unit, less that portion subtracted from assessed valuation pursuant to subsection (b)(1). The resulting rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subsection (f).

(e) (1) On or before [November 30] of the year in which this act takes effect, and each subsequent year, each county [*auditor*] shall certify to the administrative auditor that portion of each governmental unit determined pursuant to subsection (c)(1). The administrative auditor shall then determine the rate of taxation sufficient to yield an amount equal to the sum of such levies from the areawide tax base. On or before [December 5] the administrative auditor shall certify said rate to each of the county [*auditors*].

(2) If a governmental unit is located in two or more counties, the computations and certifications required by subsections (c) to (e) with respect to it shall be made by the county [*auditor*] who is responsible under other provisions of law for allocating its levies between or among the affected counties.

(f) The rate of taxation determined in accordance with subsection (e) shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as [40] percent of the amount determined pursuant to Section 6 in respect to the municipality in which the property is taxable bears to the amount determined pursuant to Section (4)(b). The rate of taxation determined in accordance with subsection (d) shall apply in the taxation of the remainder of the assessed valuation of the item.

(g) On or before [January 1] of the year after this act takes effect and each subsequent year, the administrative auditor shall certify to the state [*treasurer*] the amount of that portion of the levy made by each governmental unit set forth in subsection (c)(1). Each county [*treasurer*] shall remit all tax payments computed pursuant to subsection (e) to the state [*treasurer*] not later than [20] days before the times prescribed by [*citation*] for the apportionment and distribution of tax revenues by county [*treasurers*]. The state [*treasurer*] shall deposit such payments to the credit of the areawide tax account, where is hereby created. Marginal expenses incurred by the state [*treasurer*] under this section, and all refunds of tax receipts paid into the account, shall be paid from the account, and all interest earned on moneys in the account shall be credited to the account, and the distributions under subsection (h) shall be adjusted proportionately to reflect expense payments and interest income and reduced to reflect the payment of each refund in amounts proportionate to the distributions received in the year the tax was paid.

(h) The state [*treasurer*] shall apportion and distribute amounts received by him pursuant to subsection (g) to the county [*treasurer*] having jurisdiction over each governmental unit entitled thereto as shown by the certification to him in accordance with subsection (g). The apportionment and distribution shall be made in the manner and not later than [ten] days before the times prescribed by [*citation*] for the apportionment and distribution of tax revenues by county [*treasurers*]. Each county [*treasurer*] shall include the amounts thus received in his distributions pursuant to [*citation*]. Amounts

necessary for distributions, refunds, and payment of administrative expenses under this act are hereby appropriated.

(i) If the payment of any tax attributable to the areawide tax base is delinquent, the county [*treasurer*] to whom said tax is payable shall promptly notify the state [*treasurer*] of the failure of payment. The state [*treasurer*] shall deduct the amount of the delinquency from his distributions to the county entitled to receive payment from the taxpayer. If the tax is subsequently paid or collected, the amount so paid or collected shall be retained by the county and distributed by it to the governmental units whose distributions were reduced pursuant to this subsection by reason of the delinquency in the amount of such reduction.

(j) For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where such authorization, requirement, or limitation is related in any manner to any value or valuation of taxable property within any governmental unit, such value or valuation shall be adjusted to reflect the adjustments to valuation effected by subsection (b), provided that:

(1) in determining the market value of commercial-industrial property or any class thereof within a governmental unit for any purpose other than Section 4(d):

(i) the reduction required by this subsection shall be that amount which bears the same proportion to the amount subtracted from the governmental unit's assessed valuation pursuant to subsection (b)(1), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the assessed valuation of commercial-industrial property, or such class thereof, located within the governmental unit; and

(ii) the increase required by this subsection shall be that amount which bears the same proportion to the amount added to the governmental unit's assessed valuation pursuant to subsection (b)(2), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the assessed valuation of commercial-industrial property, or such class thereof, located within the governmental unit; and

(2) in determining the market value of real property within a municipality for purposes of Section 7, the adjustment prescribed by paragraph (1)(i) hereof shall be made and that prescribed by paragraph (1)(ii) hereof shall not be made.

(k) For the purposes of computing distributions under [*citation*], the property tax levy imposed upon all taxable property for the purpose of a governmental unit, referred to therein, shall be deemed to consist of the levy of that governmental unit, as defined in Section 2(k), irrespective of the extent to which levies are spread against the areawide tax base pursuant to this section.

SECTION 6. *Adjustments in Dates.* If, by reason of the enactment of any other law, the date by which the [*commissioner of taxation*] is required to certify to the county [*auditors*] the records of

proceedings affecting the assessed valuation of property is advanced to a date earlier than [November 15], the dates specified in Sections 4 and 7 may be modified in the years to which such other law applies in the manner and to the extent prescribed by the administrative auditor.

SECTION 7. *Reassessments and Omitted Property.*

(a) If the [*commissioner of taxation*] orders a reassessment of all or any portion of the property in a municipality other than in the form of a mathematically prescribed adjustment of valuation, or if omitted property is placed upon the rolls, as the case may be, by [November 15], the assessed valuation of the affected property shall, for purposes of Sections 3, 4, and 5, be determined from the abstracts filed by the county [*auditor*] with the [*commissioner of taxation*].

(b) If the reassessment, when completed and incorporated by the [*commissioner of taxation*] in his certification of the assessed valuation of the municipality, or the listing of omitted property, when placed on the rolls results in an increase in the assessed valuation of commercial-industrial property in the municipality which differs from that used, pursuant to subsection (a), for purposes of Sections 3, 4, and 5, the increase in the assessed valuation of commercial-industrial property in that municipality in the succeeding year, as otherwise computed under Section 4(c) shall be adjusted in a like amount, by an increase if the reassessment or listing discloses a larger increase than was used for purposes of Sections 3, 4, and 5, or by a decrease if the reassessment of listing discloses a smaller increase than was used for those purposes, provided that no adjustment shall reduce the amount determined under Section 4(c) to an amount less than zero.

(c) Subsections (a) and (b) shall not apply to the determination of the tax rate under Section 5(d) or to the determination of the assessed valuation of commercial-industrial property and each item thereof for purposes of Section 5.

SECTION 8. *Late Levies.*

(a) If a governmental unit does not certify its levy to the county auditor by [November 25], then for purposes of Section 5(c)(1) and Section 5(e), its levy shall be deemed to equal its levy in the preceding year.

(b) If a governmental unit certifies its levy to the county auditor on or before [November 25], no change in levy subsequent to that date shall be recognized for purposes of Section 5(c)(1), and Section 5(e).

(c) Subsections (a) and (b) shall not apply to Section 5(c)(2), and Section 5(d).

(d) If, in any year, the levy employed in respect to a governmental unit, for purposes of Section 5(c)(1), and Section 5(e), is determined under Section 1(a) or Section 2(b), and its actual levy as determined subsequent to [November 25] is a different amount, then its levy as otherwise determined in the succeeding year shall for purposes of those provisions, be increased in the amount of the difference if the actual levy was greater than that employed for purposes of those provisions, or de-

creased in the amount of the difference if the actual levy was less than that employed for purposes of those provisions.

SECTION 9. *Distributions from Municipal Equity Account.*

(a) The sums deposited in the state [*treasury*] to the credit of the municipal equity account and all interest earned thereof shall be distributed to qualifying municipalities in the manner provided in this section. Amounts so distributed shall be expended by each municipality in the manner determined by its governing body consistently with other statutory and charter provisions.

(b) On [September 1] of the year this act is enacted[1] and each subsequent year, the state [*auditor*] shall estimate the total amount available for distribution to municipalities from the municipal equity account during the subsequent calendar year. The amount so estimated shall be the sum of the estimated balance in the account on [November 15] of the year in which the estimate is made, the estimated deposits to the credit of the account thereafter through [November 15] of the subsequent year, and interest earned by the fund over the 12 month period. The amount to be distributed to each qualifying municipality shall be the amount determined in accordance with subsection (c), except that:

(1) if the sum of the amounts so determined differs from the total amount estimated to be available for distribution, the amount of the distribution to each municipality shall be adjusted proportionately, and

(2) the amount to be distributed to each qualifying municipality, after any adjustment prescribed by paragraph (1), shall not be less than [$9], or, if the total amount estimated to be available for distribution is less than [$40]-million, that proportion of [$9] which equals the proportion which the total amount estimated to be available for distribution bears to [$40]-million, multiplied by the population of the municipality residing within the area as determined in the year preceding that in which the estimate is made.

To the extent that the distributions to any municipality or group of municipalities are adjusted pursuant to paragraph (1), the distributions to all other municipalities shall be adjusted proportionately in amounts sufficient to make the total of the distributions to all municipalities equal the total amount estimated to be available for distribution. The state [*auditor*] shall notify the governing body of each municipality of the amount so determined with respect to that municipality before [September 20].

(c) The amount of the distribution to each qualifying municipality is the product of its fiscal effort for the year preceding that in which the estimate is made and the excess of base adjusted fiscal capacity of the municipality for the preceding year. If a qualifying municipality is located partly within and partly without the area, its distribution shall be that which is otherwise determined

[1]This is the year preceding the year in which the act becomes effective.

hereunder, multiplied by the proportion which its population residing within the area bears to its total population as of the year preceding that in which the estimate is made.

(d) On or before each of the dates [June 15 and November 15] of the year in which this act becomes effective and each subsequent year, the state [*auditor*] shall issue his warrant in favor of the [*treasurer*] of each qualifying municipality in an amount equal to one-half the amount determined by the state [*auditor*] to be due the municipality in that year under the terms of subsection (b). There is hereby appropriated from the municipal equity account, to each municipality entitled to payments authorized by this section, sufficient moneys to make such payment.

SECTION 10. *Change in Status of Municipality.*

(a) If a qualifying municipality is dissolved, is consolidated with all or part of another municipality, annexes territory, has a portion of its territory detached from it, or is newly incorporated, the [*secretary of state*] shall immediately certify that fact to the state [*auditor*]. The [*secretary of state*] shall also certify to the state [*auditor*] the current population of the new, enlarged, or successor municipality, if determined by the [*municipal commission*] incident to consolidation, annexation, or incorporation proceedings. The population so certified shall govern for purposes of this act until the metropolitan council files its first population estimate as of a later date with the state [*auditor*]. If an annexation of unincorporated land occurs without proceedings before the [*municipal commission*], the population of the annexing municipality as previously determined shall continue to govern for purposes of this act until the [*metropolitan commission*] files its first population estimate as of a later date with the state [*auditor*].

(b) The amount of each distribution from the municipal equity account shall reflect the status of municipalities as certified to the state [*auditor*] on [September 1] of the year preceding that in which the distribution is made. If the status of a municipality thereafter changes before the distribution is made, the distribution shall be made to the successor municipality or municipalities. If there are two or more successors, the distribution shall be apportioned among them in accordance with [*cite appropriate state law*].

(c) In determining the locally raised revenues or market value of property attributable to a successor municipality for a year prior to a change in status, such amount shall be deemed the sum of the amounts of its predecessor municipalities and towns. If any of the predecessors were divided incident to the change, then for purposes of this act locally raised revenues shall be apportioned among its successors in proportion to the division of population between them, and the market value of property located therein shall be allocated to the successor in which the property is located.

SECTION 11. *Separability.* [*Insert separability clause.*]

SECTION 12. *Effective Date.* [*Insert effective date.*]

CREATION OF METROPOLITAN EDUCATIONAL EQUALIZATION AUTHORITIES

SECTION 1. *Purpose.* The purpose of this title is to lessen fiscal disparities among the various school districts within the same metropolitan area and thereby more nearly equalize educational opportunity for all public school students residing in that area.

SECTION 2. *Urban Metropolitan School Districts.* Within each Standard Metropolitan Statistical Area (SMSA), as defined by the U.S. Bureau of the Census,[1] that lies wholly or partly in his state, the [*chief state school officer*] shall designate as an urban-metropolitan school district any local school district in which [50] percent or more of the student body reside in the urbanized area of the Standard Metropolitan Statistical Area.

SECTION 3. *Determination of Resources and Needs.* The [*chief state school officer*] shall determine and report to the governor the percentage by which each urban-metropolitan district deviates from the average of all urban-metropolitan districts within a Standard Metropolitan Statistical Area with respect to the following indicators of resources and needs:

(a) equalized property tax value per pupil;

(b) current operating expenditures per pupil;

(c) proportion of students who fall below minimum educational competence as determined on the basis of standardized tests authorized for use by the [*chief state school officer*];

(d) proportion of school age population not attending school;

(e) proportion of educationally deprived students as defined under Title I of Public Law 89-10, 20 U.S.C.A. 241c.

SECTION 4. *Metropolitan Educational Financing Districts.* Whenever, pursuant to Section 3, [an][2] urban-metropolitan school district is reported to fall at least [25] percent below the average of all urban-metropolitan school districts within a Standard Metropolitan Statistical Area with respect to the indicators of resources contained in Section 3(a) and 3(b), or [25] percent above the average of all such districts with respect to any of the indicators of need contained in subsections (c), (d), and (e) of Section 3, the governor shall establish a metropolitan educational financing district embracing all urban-metropolitan school districts within the Standard Metropolitan Statistical Area.

SECTION 5. *Metropolitan Educational Equalization Authority.* The governor shall create, for each [*metropolitan educational financing district*], a [*metropolitan educational equalization authority*]

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[1]States may wish to establish the definition of an urbanized area in accordance with their own demographic, economic, and jurisdictional criteria, or to use their substate districts (see suggested legislation entitled *Statewide Substate Districting*).

[2]In states with numerous school districts in metropolitan areas it may be desirable to refine further the degree of disparity that must exist before an areawide financing district is triggered. For instance, in an area with 20 districts of which only one small one is out of line, devices short of areawide financing might suffice.

that shall be comprised of [at least one][1] school board member appointed by the school board of each urban-metropolitan school district in the [*metropolitan educational financing district*]. The authority shall convene for purposes of carrying out the provisions of this title upon notification by the governor that a [*metropolitan educational equalization authority*] has been created.

The authority shall meet at least once each year at the time and in the place its members may determine and may meet at other times at the call of the chairman. The members of the authority shall elect a chairman and may make and alter bylaws for its organization and the conduct of its affairs. A majority of the members from the urban-metropolitan school districts represented in the authority constitutes a quorum for the transaction of the business and the exercise of the power of the authority.

SECTION 6. *Determination of Levy Rate.* A [*metropolitan educational equalization authority*] shall levy a tax rate which when applied to the equalized assessed value of taxable property in the [*metropolitan educational financing district*] will produce an amount equivalent to the combined amount required by [*cite appropriate state school aid statutes*] to be raised from local revenue sources[2] in each urban-metropolitan school district.

SECTION 7. *Distribution Formula.*

(a) *Adoption of Formula.* The [*metropolitan educational equalization authority*] shall distribute the proceeds of the levy to each urban-metropolitan school district in accordance with a formula adopted by the authority. The formula shall equalize, as nearly as possible, educational opportunity by taking into account educational cost and tax burden differentials[3] among local school districts within the metropolitan area.

(b) *Consideration of High Cost Students.* In order to compensate the urban-metropolitan school districts which have a disproportionately large number of high cost students, the distribution formula shall give [due] weight to the relative proportion of school age children in each district that:

(1) fall below minimum educational competence;

(2) fail to complete 12 grades prior to reaching age [19]; and

(3) are counted as educationally deprived children for purposes of determining the grant from the Federal government under Title I of Public Law 89-10, U.S.C.A. 241c.

(c) *Consideration of Local Tax Burdens.* In order to compensate the urban-metropolitan school districts hampered in the competition for tax dollars by demands for expenditures on public safety, public health, public welfare, and other municipal-type services and facilities, the distribution formula

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[1]Representation should be consistent with constitutional and statutory requirements regarding representation on elected local governing bodies.

[2]In other words, the individual amounts or proportions required by state aid statutes to be raised locally would be aggregated for the area. Stated another way, the state aid entitlements for the area would be aggregated and the gap between that sum and the sum of the budgeted requirements would represent the amount to be raised through the areawide levy.

[3]If it is desired to quantify the "overburden" factor, see *Michigan Statutes, Annotated*, Section 15.1919 (525), Section 25(c).

shall also give due weight to the overall local tax burden in each urban-metropolitan district.

(d) *Lack of Concurrence on a Formula.* Unless the representatives of the urban-metropolitan school districts containing at least [80] percent of the combined pupil enrollment of a [*metropolitan educational financing district*] concur in a formula, the proceeds of the levy provided for in Section 6 shall be distributed among urban-metropolitan school districts as follows:

(1)[1] [50] percent of the proceeds in the proportion that the school age population in each component school district bears to the total school age population in the [*metropolitan educational financing district*], and

(2)[1] [50] percent of the proceeds in the proportion that each component district shares in the funds for educationally deprived children provided to all component districts comprising the [*metropolitan educational financing district*] under Title I of Public Law 89-10, 20 U.S.C.A. 241c.

(e) *State Educational Aid Funds.* If a [*metropolitan educational equalization authority*] approves a formula with the concurrence of representatives of urban-metropolitan school districts containing more than [80] percent of the combined pupil enrollment, the [*chief state school officer*] shall disburse any state educational aid entitlement of an urban-metropolitan school district to the [*metropolitan educational equalization authority*] for distribution in accordance with the approved formula.

SECTION 8. *Responsibilities of the [Chief State School Officer].* The [*chief state school officer*] shall collect, compile, and make available to a [*metropolitan educational equalization authority*], all records necessary to determine an equitable distribution formula. The records shall include, for each local school district:

(a) the number of pupils falling below minimum competence as established by standardized tests;

(b) the number of children under [19] not attending school who have not completed 12 grades;

(c) the number of children counted in determining a grant from the Federal government under Title I of Public Law 89-10, 20 U.S.C.A. 241c; and

(d) the relative local tax burden for education and non-educational purposes.

SECTION 9. *Tax Collections.* The taxes levied pursuant to this act shall be assessed and collected in the same manner as other taxes, and the proceeds shall be deposited to the credit of the [*metropolitan educational equalization authority*].

SECTION 10. *Permission to Levy Additional Taxes.* Nothing in this title shall preclude any individual school district or municipality within a [*metropolitan educational financing district*] established by this act from levying additional taxes for the support of its own school program.

SECTION 11. *Separability.* [*Insert separability clause.*]

SECTION 12. *Effective Date.* [*Insert effective date*]

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[1] If it is desired to include recognition of the overburden factor, a three factor formula, as proposed in *Property Tax Relief for Overburdened Families*, or similar distribution might be considered. (See the *ACIR State Legislative Program*, Part III.)

Suggested Constitutional Amendment

[EDUCATIONAL FINANCING DISTRICTS]

(Be it enacted, etc.)

SECTION 1. The [*legislature*] may authcrize the establishment of [*educational financing districts*] consisting of one or more counties or parts thereof and may authorize a uniform property tax rate within the districts for the support of public education.

SECTION 2. [[*Alternative 1.*] All parts of the constitution in conflict with this amendment are hereby repealed.] [[*Alternative 2.*] Sections [*identify those sections of constitution to be repealed*] are hereby repealed.]

SECTION 3. [*Insert appropriate language, consistent with state election laws, for submission of the proposed amendment to the electorate.*]

9.003 DISTRICTS FOR SPECIALIZED EDUCATIONAL FACILITIES[1]

The quality of education often is directly related to specialization of teaching and associated personnel. Specialization of both personnel and curriculum in turn is directly related to the economies of scale attainable by the school system. A school district serving a small population may not have a sufficient number of pupils enrolled in any one vocational training or college preparatory program to justify the cost of providing specialized teachers or separate classes. When the unit costs of specialized education are prohibitive, the small district can offer only general common denominator training that may not prepare its pupils adequately for either employment or college, and provides little or nothing for the physically and mentally handicapped.

By utilizing multidistrict facilities, or "educational parks," some school districts provide specialized educational programs, equipment, and personnel at a reasonable cost. The establishment of these facilities and services by individual districts may be very costly, entirely beyond the financial capacity of the poorer districts, and a substantial burden even for wealthy districts.

In its 1967 report on *Metropolitan Fiscal Disparities*, the Advisory Commission on Intergovernmental Relations proposed "the enactment of state legislation, preceded by constitutional amendment where necessary, authorizing the establishment by the state educational agency of educational facilities designed to make available on a multidistrict basis a specialized educational capability, including special personnel, to the children of the districts involved. The Commission further recommended that state government provide appropriate financial incentives for the creation of such multidistrict facilities."

Since 1970, consideration has been given in several states to the establishment of regional educational service agencies. Part of the increased attention is attributable to judicial decisions mandating the accommodation somewhere within the public school system of severely retarded or severely handicapped children, necessitating new organizational arrangements for discharging the new obligations.

The draft legislation below draws on a 1974 Connecticut statute creating regional educational service centers (PA 117); a 1972 Massachusetts statute dealing with special education (Chapter 776, Section 2, *Acts of 1972*); a 1974 Iowa law establishing area education agencies (Senate File 1163); and *New Jersey Revised Statutes*, 18:15-30 through 18:15-58.

The draft legislation and subsequent constitutional amendment authorize the creation of districts for specialized educational facilities to make available, on a multidistrict basis, facilities and services for special educational programs. *Section 1* states the purpose of the act, and *Section 2* provides definitions. The draft bill provides in *Sections 3 and 4* for the establishment of these districts after the state eudcational agency has determined the need for special educational programs (vocational training and college preparatory programs, or specialized programs and services for disadvantaged or handicapped children). *Section 4* permits school districts to enter into contracts to form districts for specialized educational facilities.

Section 5 provides for a board of trustees, appointed by the contracting school districts, as the governing body of a special facility district. Under *Section 6*, subject to review by the state educational agency, the board may establish, operate, and regulate the facilities, programs, and services provided by the district. *Section 7* provides for tuition payments by participating districts.

Section 8 authorizes school districts to issue bonds to finance the construction and acquisition of physical facilities for use by districts for specialized educational facilities. *Section 9* provides for state financial aid incentives for the creation of these districts. *Section 10* provides for expansion of districts.

Sections 11 and 12 provide for separability and effective date clauses, respectively.

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[1]Derived from: Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the American Federal System*, Vol. 2, *Metropolitan Fiscal Disparities*, Report A-31 (Washington, D.C.: U.S. Government Printing Office, October, 1967).

[ESTABLISHMENT OF JOINT OR AREA SCHOOL DISTRICTS FOR SPECIALIZED EDUCATIONAL FACILITIES]

(Be it enacted, etc.)

SECTION 1. *Purpose.* The purpose of this act is to provide special educational programs to the children of [local] school districts through the establishment of districts for specialized educational facilities.

SECTION 2. *Definitions.*

(a) "Department" means the [*state education agency*].

(b) "District for specialized educational facilities" means a school district established to provide special educational programs to children of two or more [local] school districts.

(c) "Special educational programs" means vocational training and college preparatory programs or specialized programs or services designed to improve or accelerate the education of children whose educational achievement has been or is being restricted by physical or learning disabilities and economic or social disadvantages.

SECTION 3. *Survey.* Upon its own initiative or at the request of two or more [local] school districts, the department shall survey the need for a district for specialized educational facilities to serve the [local] school districts.

SECTION 4. *Establishment of Districts for Specialized Educational Facilities.* If the department, on the basis of its survey, determines that there is a need for special educational programs in the [local] school districts surveyed, the [local] school districts may enter into a contract to establish a district for specialized educational facilities, whose boundaries shall be coterminous with those of the contracting districts. Alternatively, the department at its own initiative may propose the establishment of a district for specialized educational facilities, taking into account the boundaries of general substate districts or regional planning areas, the educational needs of the area, and the views of [local] school districts in the area; and [local] school districts within the boundaries of the proposed district for specialized educational facilities shall enter into a contract to establish such a district. In either case, [unless specifically authorized by the department][1] the bylaws of the district shall specify that the participating districts will not conduct special educational programs that duplicate those conducted by the district for specialized educational facilities.

[1]Care should be taken to strike a balance between avoidance of duplication on the one nand and provision of flexibility for alternative programs on the other.

SECTION 5. [*Board of Trustees.*][1] A district for specialized educational facilities shall be governed by a [*board of trustees*] of [ ] members representing the contracting [local] school districts. Each [local] school board shall appoint [ ] of its members to serve on the [*board of trustees*], and a vacancy in the office shall be filled in the same manner as provided for original selection. [*Trustees*] shall serve for a [ ] year term of office, and shall not receive a salary or compensation for their services. The [*board*] shall select from its membership a chairman who shall preside at all meetings. The [*board*] shall determine its own rules and order of procedure.

SECTION 6. *Powers and Duties.*

(a) The [*board*] of a specialized district shall be a public educational authority and shall have the power to sue and be sued, to receive and disburse prepaid and reimbursed Federal, state, local, and private funds, to employ personnel, to enter into contracts, to own real property, and otherwise to provide the programs, services, and activities agreed upon by the participating boards of education to said boards of education and to non-public schools within the geographic area served by the specialized district. The [*board*] shall have authority, within the limits prescribed by this act and as specified by the written agreement of the participating members, to establish policies for the district, to determine the policy and services to be provided, to employ a [*director*] of the district, and to prepare and expend a budget.

(b) Subject to the supervision of the department, the [*board of trustees*] shall:

(1) operate and regulate curriculum, conditions of instruction, physical facilities and equipment, class size and composition, transportation of pupils, and other requirements concerning necessary services and instruction;

(2) define the criteria by which [local] school districts determine whether children are eligible for special educational programs; and

(3) appoint or provide for the appointment of, and remove, or provide for the removal of, all employees of the district, and fix their salaries, wages, and other compensation.

SECTION 7. *Tuition.* Subject to approval by the department, the [*board of trustees*] shall establish the amount of tuition per child which shall be paid by the contracting [local] school districts. The tuition shall be sufficient, after taking into account state financial aid and other revenues, to cover operating costs and reimburse amortization costs incurred pursuant to Section 8.

SECTION 8. *Financing Physical Facilities.* Subject to the statutes governing [local] school district borrowing, the contracting [local] school districts may issue bonds to finance the construction or acquisition of physical facilities for use by the district for specialized educational facilities.

SECTION 9. *State Financial Aid.* In any computation of state financial aid to [local] school dis-

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[1]In view of recent state and Federal court decisions extending the principle of one person-one vote to local governing bodies, careful consideration should be given to the representative character of the board, particularly if it is to exercise any legislative power.

tricts, children participating in special educational programs approved by the department shall be considered as part of the average daily membership count by both[1] the district for specialized educational facilities and the contracting [local] school districts, and the [*head*] of the department shall reflect this provision in all distributions of state education aid, whether for operating expenses or for capital outlay.

SECTION 10. *Expansion.* Upon its own initiative or at the request of the contracting [local] school districts, the department may survey the desirability of including additional [local] school districts within the district for specialized educational facilities. If the department determines that expansion is desirable, the contracting [local] school districts may amend the contract to include additional [local] school districts, the amended contract to provide that the several additional districts shall participate on the same basis in the management, obligations, and benefits of the districts for specialized educational facilities.

SECTION 11. *Separability.* [*Insert separability clause.*]

SECTION 12. *Effective date.* [*Insert effective date.*]

[DISTRICTS FOR SPECIALIZED EDUCATIONAL FACILITIES]

(Be it enacted, etc.)

The [*legislature*] may provide for the establishment of districts for specialized educational facilities to make available to the children of [local] school districts specialized educational facilities, programs, and services including but not limited to vocational education, college preparation, and special programs for the handicapped and disadvantaged.

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[1]This is an intentional weighting of aid to help compensate for special needs. Its magnitude should be adjusted in each state according to the severity of needs and the presence or absence of other weightings in state aid formulas.

9.004 AREAWIDE VOCATIONAL EDUCATION AND MANPOWER PROGRAMS[1]

Both urban and rural areas of many states are plagued by persistent unemployment, underemployment, and inadequate vocational training opportunities for teenagers, especially those from economically disadvantaged families. Many school dropouts, lacking either job opportunity or programs and facilities for acquiring marketable skills and lacking any kind of occupational counseling, go on the streets. In many, if not most, cases the variety of manpower training and retraining programs conducted by state and local manpower officials fail to relate effectively to public education agencies and their vocational components.[2] Vocational training facilities are expensive and versatile vocational instructors are in short supply in many occupational areas. The foregoing difficulties -- (1) persistent underemployment of young people; (2) lack of occupational and training alternatives for high school dropouts; (3) lack of coordination and cooperation among public and private agencies concerned with manpower training problems; and (4) high cost of training facilities -- demand confrontation in a comprehensive manner, especially in large urban centers. Only the state government is in a position to bring this about.

In its 1965 report on *Metropolitan Social and Economic Disparities*, the Advisory Commission on Intergovernmental Relations pointed to the need for states to furnish "necessary direction, coordination, and stimulus in providing vocational education and retraining programs" both inside and outside metropolitan areas so that scarce facilities and personnel could be shared across school district and local government lines. The enactment of the *Federal Comprehensive Employment and Training Act of 1973*, placing major responsibilities on state and larger local governments for fashioning manpower policies and programs, adds to the urgency for integrating on state, area, and local levels the resources for vocational and manpower training and employment placement of vocational education agencies, community colleges, private technical schools, public and private employment services, individual firms in a position to provide preservice training and subsequent employment, and other public and private organizations.

Just how states go about providing necessary direction, coordination, and stimulus will necessarily vary because of wide variations in state and local sharing of responsibility for providing vocational education and retraining programs. These variations concern the relative responsibility vested in the local school boards and the state departments of education, whether administration is under an entirely separate vocational education system, the relationship to community colleges, and the extent of statutory flexibility in harnessing together agencies concerned with vocational education, manpower training, employment counseling and placement, adult literacy training, and the closely related community services of health and day care. In any case, however, states tend to follow the same administrative pattern for post-high school technical education as they use for general education.

Organizational and financial patterns developed by the state to meet manpower training and vocational education needs in metropolitan areas may also need to vary from area-to-area. Differences relate to size of the metropolitan area, relative dominance of the central city, number of counties constituting the area, the number, size, and needs of individual school districts within the area, the degree to which they are individually capable of providing an adequate vocational program, and the city-county-metropolitan "prime sponsor" relationship under the *Comprehensive Employment and Training Act of 1973.*

In many states, a substantial statutory base exists for interlocal cooperation within the vocation education area *per se*. Through use of contracting among political subdivisions and school districts based upon powers such as those contained in the proposal on *Interlocal Contracting and Joint Enterprises* (2.204), arrangements can be made for exchanging students among local high schools that provide different kinds of occupational training; the area served by a vocational school can be expanded to include contiguous non-serviced territory; or a separate school for vocational education can be built and maintained cooperatively by two or more existing school districts or other political subdivisions. These kinds of measures,

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[1]Derived from: Advisory Commission on Intergovernmental Relations, *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs*, Report A-25 (Washington, D.C.: U.S. Government Printing Office, January, 1965).

[2]See, Comptroller General of the United States, *What is the Role of Federal Assistance for Vocational Education?* (Washington, D.C.: U.S. General Accounting Office, December 31, 1974).

though highly worthwhile, fall far short of providing the kind of state-local framework necessary to provide vocational education and manpower retraining facilities and services on a comprehensive basis serving multiple constituencies.

The draft legislation that follows provides for: (1) interagency cooperation at the state level in formulating objectives and programs for vocational training and retraining for high school and post-high school youth; (2) formulation of county, city, or multicounty vocational school districts, empowered to serve multiple classifications of high school and high school dropout youth, adults needing literacy training, and youth and adults needing occupational training and retraining; and (3) financial support by the state through its own funds or funds from the Federal government for the conduct of training and retraining programs using several options.

The draft legislation draws on *New Jersey Revised Statutes*, 18:15-30 through 18:15-58; draft legislation on *Manpower Training* carried in the 1970 volume of *Suggested State Legislation* of the Council of State Governments; and the *Mississippi Manpower Development and Training Act of 1974* (Chapter 460, S.B. 1583).

Section 1 states the legislative findings and purpose. *Section 2* defines certain terms used in the act.

Section 3 provides for the establishment of a state vocational education and manpower training council and the formulation of a comprehensive manpower training, counseling, and placement program.

Section 4 provides for the establishment of vocational school districts; *Section 5* deals with vocational district boundaries. *Section 6, 7, 8, and 9* prescribe the appointment of vocational district governing boards, qualifications of board members, organizational meetings and corporate body name. *Section 10* specifies the responsibilities of these boards.

Sections 11, 12, and 13 deal with the organization and management of boards, pupils from other districts, and school year, respectively.

Section 14 delineates the applicability of state school laws and other laws and ordinances to the conduct of district activity.

Section 15 defines the eligibility of training of adults other than public school enrollees.

Section 16 sets forth criteria for state approval of proposed manpower training programs. *Section 17* specifies training allowances, and *Section 18* deals with preservation of unemployment benefits.

Sections 19 and 20 provide for separability and effective date clauses, respectively.

[MANPOWER DEVELOPMENT AND VOCATIONAL TRAINING ACT]

(Be it enacted, etc.)

SECTION 1. *Findings and Purpose.*

(a) The [*legislature*] finds it to be in the interest of the state to take steps to assure the availability to all youth and adult citizens of facilities and services for vocational and career education.

(b) The [*legislature*] further finds existing in the state, especially in large metropolitan areas and economically depressed rural areas, a persistent and critical problem of unemployment and underemployment,[1] particularly among youth and minority populations. Such lack of employment opportunity is characterized by and, to a substantial degree, rooted in:

(1) a large number of high school students dropping out of school before graduation;

(2) lack of adequate occupational counseling services for students and dropouts;

(3) lack of basic reading skills in a significant segment of the unemployed population — both adult and youth;

(4) for the adult unemployed and underemployed, a lack of necessary work skills and lack of vocational training to acquire those skills, particularly among minority and non-English speaking populations;

(5) existence of non-utilized or underutilized training facilities and personnel, in both privately owned plants and in the public school and community college systems; and

(6) lack of effective cooperation among city and county governments, school districts, manpower training officials and agencies, local industrial managements, community colleges, public and private employment and counseling services and other community services and organizations in providing maximum employment opportunity to youth and adults through training, retraining, occupational counseling, and employment placement facilities and services.

(c) It is the purpose of this act to:

(1) provide, within the state government, machinery and procedures for formulating and carrying out a comprehensive manpower development and vocational training program for youth and adults in the state;

(2) provide authority and flexibility for state manpower and education agencies to utilize a variety of methods for assuring adequate training and retraining opportunities to citizens of the state;

(3) assure optimum utilization of existing training facilities and personnel in the public

school system, community colleges, private technical schools, and private manufacturing, trade, and service establishments;

(4) provide, at the local level, for utilization of vocational education facilities and personnel in the public school system by adults as well as youth and by dropout, as well as in-school youth;

(5) to authorize, and encourage wherever appropriate, the evolution of the vocational high school into a multipurpose community agency under broad based community governance; and

(6) to provide at the state level for the evaluation of results of manpower training and vocational education programs.

SECTION 2. *Definitions.* As used in this act, the following terms are defined:

(a) "[*Chief state school officer*]" means the [*state official in charge of the public school system*] of the state.

(b) "Council" means the [*state vocational education and manpower training council*].

(c) "Director" means the [*state official in charge of the state's manpower training program*].

(d) "Municipality" means any town, city, or village.

(e) "School board" means a district, county, or city board of education, responsible for policy and direction of the public school system in the particular geographic area.

(f) "Superintendent" means the official in charge of the public school system in a city, county, or school district.

(g) "Training program" means any prevocational, institutional, on-the-job training, or related program for the occupational training or retraining of training program participants.

(h) "Training program costs" means the aggregate of costs actually incurred by a training program sponsor and approved by the [*commissioner*] as reasonable and necessary for the development and carrying out of a training program.

(i) "Training program participant" means any individual who has been admitted to a training program.

(j) "Training program sponsor" means any public or private institution of learning,[1] employer, trade association labor organization, or other public or private agency or organization which the [*commissioner*] determines is qualified to conduct one or more training programs.

(k) "Vocational school board" means the governing board of a vocational school district.

(l) "Vocational school district" means a citywide, countywide, or multicounty district formed to provide vocational education and training to students enrolled in the public school system and to adults and youth as provided in this act.

SECTION 3. *State Manpower Development and Vocational Training Program.*

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[1]Sporadic and intermittent employment; employment at a skill level substantially below the capability of the employee.

(a) There is hereby established a [*state vocational education and manpower training council*], the purpose of which shall be the formulation of a comprehensive program for the vocational training, retraining, counseling, and placement of adults and youth so that adequate training and employment opportunity may be assured to the citizens of the state. A major objective of the council will be to make arrangements within the state government and with local governments, vocational school districts, community colleges, and private firms to provide a variety of education and manpower services to a variety of users in a comprehensive, economical, and effective manner.

(b) The council shall consist of:

(1) the [*director*] of the [*state manpower agency*] who shall serve as chairman;

(2) the [*chief state school officer*];

(3) the [*president of the state board of community colleges*] [*official with statewide responsibilities for the community college system*];

(4) the [*head of the state employment service*];

(5) [*other appropriate state agency head(s)*];

(6) [*other appropriate members from state government*];[1] and

(7) [public members appointed by the governor].[2]

(c) In the formulation of the comprehensive manpower training and vocational education program, the council will be assisted by a [*program advisory committee*] comprising:

(1) to be appointed by the governor:

[(i) [one] mayor of a city of [50,000] or over;

(ii) [one] mayor, city manager, or council member of a city of below [50,000] population;

(iii) [one] city or county school superintendent or the superintendent of a large district;

(iv) [one] county [*commissioner*];

(v) [one] business or industrial official knowledgeable of manpower and vocational training and of the labor market in general;

(vi) [one] trade union official knowledgeable of manpower training;

(vii) [ ] public members appointed by the governor]; and

(2) additional members, not to exceed [three], to be designated by the [*chief state school officer*]

(3) The [*program advisory committee*] will serve under the chairmanship of the director.

(d) The [*state manpower agency*] and/or [*state employment service*] and/or [*state education agency*] and other agencies of the state government will provide staff advice and assistance to the director and the council concerning the discharge of their responsiblities.

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[1]States will need to frame participation in the light of constitutional restrictions concerning church related schools.

[2]Some states might wish to provide for membership or other participation by legislators or staff for the purpose of keeping abreast of developments in the early phases of the council's work and possibly for some public members, although a major function of the council is that of program coordination within the state government.

(e) (1) The council shall formulate plans and procedures for evaluating the results of vocational education and manpower training programs, comprising, among other things:

(i) establishment of a records system to permit followup of subsequent employment history of those persons completing manpower training programs and vocational education courses for a period of at least [three] years from date of completion of program or course;

(ii) ascertaining degree to which employment, placement, and subsequent work experience is in the occupational field in which the person was trained or retrained in the manpower or vocational program;

(iii) taking action to modify training curricula and course content in light of information obtained; and

(iv) periodic reporting of evaluation results to the governor, [*legislature*], and the public.

(2) On or before [*date*] the council shall submit the plans and procedures specified in (1) above to the governor for transmittal to the [*legislature*].

(f) Issues and problems arising in the course of the council's deliberations shall be decided by majority vote. [[*Number*] or more members may appeal a council action to the governor who will render a final decision.][1]

SECTION 4. *Establishment of Vocational School District.*

(a) Each county [*governing body*] shall vote on the question of whether a vocational school district shall be established in the county or multicounty area when the [*governing body*] [*bodies*] receives:

(1) a resolution of the [*state vocational education and manpower training council*] that a need exists in the county for operation of industrial, commercial, agricultural, or household arts programs to serve youth and adults; or

(2) a request in writing from the [*board of education, superintendent*] of [local] school districts containing not less than [ ] percent of the public school enrollment of the county not served by a system of vocational education approved for the purposes of Federal or state allotments of manpower training or vocational funds.

If the [*county board*], by a majority vote, favors the establishment of such a district in the county, such district shall be forthwith established and maintained in the county and shall be known as the "[*name of area*] vocational school district."

(b) At the request in writing of not less than [ ] percent of the registered voters of any county living within [local] school districts not served by a system of vocational education approved for the

[1]Some of those states having an elected chief state school officer may wish to provide a special appeals mechanism.

purpose of Federal or state allotments of vocational funds by the state, the [*county clerk*] shall submit at any general election, and shall cause to be printed upon the ballot to be voted at such elections, the following question:

"Shall a [*county name*] vocational school district be established in the [county] of [ ] pursuant to provisions of [*cite this statute*]?" [*In squares at the right shall be placed the words "Yes" and "No." Any person desiring the establishment of a [county] vocational school district shall mark an "X" opposite the word "Yes," and any person opposed thereto shall mark an "X" opposite the word "No."*][1]

If a majority of all the ballots so voted shall favor the establishment of the county vocational school district, the district shall be forthwith established and maintained as provided in this act. The results of such elections shall be returned and canvassed in the same manner and at the same time as other election returns are canvassed.

SECTION 5. *County Districts Not to Include Certain Territory of County; Exception; Agreements; Principals, Teachers, and Employees.*

(a) The county vocational school district shall include within its boundaries all the territory of the county not included within the boundaries of any [local] school district if such [local] district is maintaining a system of vocational education approved for the purposes of Federal or state allotment of vocational and manpower training funds by the state.

(b) Notwithstanding the provisions of subsection (a) of this section, any county vocational school district shall include the territory within the boundaries of any [local] school district referred to in subsection (a) of this section after the date of filing in the office of the [*state commissioner of education*] of a certified copy of a resolution adopted by the county [*governing body*] subsequent to the organization of the county vocational school district and of a resolution adopted by the board of education of the [local] district setting forth the finding that it is in the best interest of the county vocational school district and of the [local] district that the county vocational school district shall include within its boundaries the territory of the [local] district.

(c) The governing board of the [*county*] vocational school district and the board of education of each [local] district referred to in subsection (b) of this section [and the governing board of the local community college] are each hereby authorized and empowered to undertake and to enter into agreements of any nature whatsoever necessary, desirable, useful, or convenient for, and with respect to,the assumption, operation, or administration by the county vocational school district of any system of vocational education then being maintained in the [local] district, including, but not limited to, the transfer of principals, teachers, employees, pupils, or classes; the purchase, grant, transfer, or lease to the county vocational school district of any lands, schools, buildings, furnishings, equip-

[1]This paragraph should be written to conform with balloting procedures in the state.

ment, apparatus, or supplies constituting part of, or used in connection with, the [local] system; and the making of, or provision for, payments, costs, or expenses in connection with any of the aforesaid, and copy of any such agreement shall be filed in the office of the [*state commissioner of education*].[1]

(d) All principals, teachers, and employees of any [local] district referred to in subsection (b) of this section who are employed in, or assigned to, the system of vocational education in any such district shall be transferred to, and continue their respective employments in, the employ of the county vocational school district from and after the date of transfer provided for in any agreement entered into pursuant to subsection (c) of this section, and their rights to tenure, pension, and accumulated leave of absence accorded under the laws of the state shall not be affected by the transfer to the county vocational school district.

SECTION 6. [*Board of Vocational Training and Education*]; *Appointment, Terms, and Vacancies.*[2] A county vocational school district established in accordance with this act shall be under the control and management of a [*board of vocational training and education*] consisting of [five] persons to be appointed by the governing body of the [county] [city] [multicounty substate district]. In making the first appointments to a board, one person shall be appointed to serve for one year, one for two years, one for three years, one for four years, and one for five years. Annually during the month of [ ], a member of the board shall be appointed to serve for a term of five years, and until the appointment and qualification of his successor.[3]

A vacancy on the board caused by the death, resignation, or removal of a member shall be reported forthwith by the [*secretary of the board*] to the [*county board*] which, within 30 days thereafter, and in the manner prescribed for making appointments for a full term, shall appoint a person to fill the vacancy for the unexpired term.

SECTION 7. *Qualifications of Board Members.* A member of a [*vocational district board*] created under the provisions of this act shall be a citizen and resident of the county and shall have been such citizen and resident for at least [three] years immediately preceding his becoming a member of the board.

SECTION 8. *Organization of* [*Vocational District Boards*]. Each county [*vocational school district board*] shall organize annually on [*specify date*] by election of a [*president and vice president*], unless the [*specified date of organization*] shall fall on Sunday, in which case the board shall organize on the following day.

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[1]These kinds of agreements may be authorized under a general statute providing authority for local governments to contract with one another for the delivery of public services.

[2]A state may prefer to have the county board serve as the board of education. Appropriate changes would need to be made in *Sections 6, 7, 9, 10, and 11.*

[3]States having county superintendents of schools may wish to make them *ex officio* members of the boards.

SECTION 9. *Board a Body Corporate; Name.* The body having the control and management of a county vocational school district shall be a body corporate and shall be known as and called "[*the board of vocational training and education of the [county] vocational school district in the county of [name]*]."

SECTION 10. *Responsibilities and Financing of [Vocational District Boards]*.

(a) (1) The board shall be responsible for the organization, management, and direction of district activities. It shall serve the needs of school age youth enrolled in courses provided by the district, in accordance with standards and regulations of the [*state education agency*], and including, in addition to vocational instruction, occupational counseling, vocational testing, and employment placement. The board shall provide such services also to persons below the age of [22] who were previously enrolled in the public schools but who did not remain until graduation and who apply for admission within [three] years of the date of previous termination of enrollment in the school system.

(2) It shall serve the needs of adult members of the area with respect to:

(i) adult literacy training;

(ii) vocational training and retraining;

(iii) employment counseling;

and such other related functions as the board may determine. The board and the district shall serve as a major focal point for state and locally supported manpower training programs in the area. Specifically, in the absence of a determination to the contrary by the [*state manpower agency*] in the case of particular programs, the district will serve as the delivery agency for all manpower training programs within the area that are primarily of a classroom nature or that require a formalized instructional setting, in contrast to on-the-job training.

(b) In providing instruction and related services to public school enrollees, and to returning dropouts meeting the conditions in subsection (a) above, the board will utilize local and state education moneys, pursuant to governing laws and regulations. Specifically [*insert language amending school aid formulas and authorizations for vocational education categorical grants so as to make the vocational districts eligible for such funds*]. In providing instruction and related services to other persons, the board will utilize funds received from contracts with Federal, state, local, or private agencies and from tuition payments, if any, from persons other than public school enrollees.

SECTION 11. *Rules for Organization and Management.* The [*state board of education*] shall prescribe rules and regulations for the organization, management, and control of schools operated and maintained by a [county] vocational school district.

SECTION 12. *Receiving Pupils from Other Districts.* The governing board of [county] vocational school districts shall receive pupils from other school districts so far as their facilities will permit, provided a rate of tuition not exceeding the cost of such education is paid by the sending districts.

SECTION 13. *School Year.* The school year for a [county] vocational school district shall begin on [ ]and end on [ ].

SECTION 14. *Applicability of Laws Governing [Local] School Districts and [Counties].*

(a) [County] vocational school districts are subject to the statutes governing [local] school districts with respect to: powers of the board of education; approval of courses of study by the [*chief state school officer*]; and rights and privileges of teachers and pupils.

(b) In the making of contracts and payment of bills, advertising for supplies or construction, employment of non-teaching personnel, and in all other fiscal and management matters, [county] vocational district boards will be governed by the relevant provisions of state statutes, regulations of [*state manpower agency*], and county ordinances.

(c) In appropriating money and levying taxes for current expenses, [county] vocational school districts are subject to the statutes governing appropriating money and levying taxes for other purposes in the [county], except that taxes for a [county] vocational school district shall be levied only within the boundaries of the district as determined under Section 5 of this act.

(d) In the issuance of bonds, [county] vocational school districts are subject to the statutes governing borrowing for other [county] purposes, but any debt limitation or requirement for down payment therein shall not apply and taxes levied for the payment of principal and interest of such bonds shall be levied only within the boundaries of the [county] vocational school district as determined under Section 5 of this act.

SECTION 15. *Individuals Eligible for Training Other than Public School Enrollees.*

(a) No individual shall be approved by the director of the [*state manpower agency*] for admission to a training program conducted by vocational districts or other sponsors unless the director finds, in accordance with regulations prescribed by him, after consultation with the council, that:

(1) suitable employment opportunities for the individual are or may be substantially limited because:

(i) the individual lacks skills needed to obtain suitable full-time employment; or

(ii) existing or prospective conditions in the labor market, technological change, plant closing or removal, discontinuance of specific plant operations, the seasonal nature of the industry, or other factors reduce or limit employment opportunities for the individual in his present occupation or skill; and

(2) the individual has the required qualifications and aptitudes to complete the program successfully.

(b) Qualified students for the classes or courses may be accepted by the schools from any source, but priority of enrollment will be given referrals from the [*department of public welfare,*] [*state employment service,*] [*vocational rehabilitation,*] [*non-retired veterans,*] and [*other preferences*].

The state employment service shall assist with enrollee job placement and referral whenever possible.

For the purpose of this section an eligible individual is an adult, at least 18 years old, who is underemployed or unemployed and is not enrolled in school.

Students will not be eligible if they have dropped out of regular school for the specific purpose of enrolling in the manpower programs.[1]

SECTION 16. *State Training Programs.*

(a) The director of the [*state manpower agency*] shall develop and approve the development of training programs for training program participants.

(b) To implement the provisions of subsection (a), the director may enter into agreements with vocational school districts and with other training program sponsors for the development and operation of training programs. The director, in accordance with standards prescribed by him, may reimburse training program sponsors for training program costs for a period not to exceed two years, within the amounts available by appropriation [provided, however, that reimbursement for these costs shall not be made at a rate greater than [$] per month per training program participant].[2]

(c) In approving any training program under this act, the director shall give due consideration to existing and prospective conditions of the labor market in the state, taking into account the present and anticipated supply of, and demand for, labor in the occupation or skill to which the training program relates, and to other relevent factors. The director shall not approve any training program unless he determines, in accordance with regulations as he may prescribe, that:

(1) the program relates to an occupation or skill for which there are, or are expected to be in the immediate future, reasonable employment opportunities in the state or adjoining areas;

(2) the program will not result in the displacement of employed workers;

(3) the training program sponsor is competent and reliable, and has adequate and safe facilities and adequate training personnel;

(4) the content of the training program is adequate, and will result in the qualification of trainees for suitable employment; and

(5) the training program sponsor has agreed to maintain records of attendance and progress of training program participants and to furnish any information and reports, as the director may prescribe by regulation.

(d) If a training program approved by the director fails to meet the standards provided in subsection (c), or if a training program sponsor breaches any of his undertakings, the director, after

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[1]States will need to make this provision consistent with state policy regarding compulsory school attendance and age categories thereunder; also some states may wish to grant equivalent credit to former students successfully completing such programs.

[2]Optional clause.

due notice and an opportunity for the sponsor to be heard, may cancel, terminate, or suspend the agreement with the sponsor in whole or in part. Other sanctions may be imposed and remedies invoked as provided by law. The procedures for any hearing before the director shall be as prescribed by the act creating the [*state manpower agency*]. The determination of the director shall not be reviewable by any court or administrative body.

(e) In developing, approving, or arranging for the conduct of training programs, the director may make contractual arrangements with county vocational districts established pursuant to this act, local school districts and other public education agencies, private vocational and technical schools, community colleges, local governments, and other public and private agencies for the conduct of institutional training courses carried on in classrooms or training centers. He may enter into contracts and other agreements with private firms and public agencies for the conduct of on-the-job training courses carried on at the job site and coupled courses that combine institutional and on-the-job training.

SECTION 17. *Standards for Allowances.*

(a) The director, in accordance with standards prescribed by him, may pay:

(1) training allowances to training program participants [provided that this training allowance shall not exceed by more than [$] [or percent] the average weekly unemployment compensation payment [including allowances for dependents] in this state for a week of total unemployment during the most recent quarter for which such data are available];[1]

(2) subsistence allowances to training program participants who are required to live away from their normal residences to attend a training program, provided that this allowance shall not exceed [$] per day; and

(3) transportation allowances to training program participants who are required to travel substantial distances to attend a training program, provided that this allowance shall not exceed [$] per day.

(b) In setting standards for these allowances, the director shall take into consideration data relating to the costs of living to training program participants, any wages or unemployment compensation paid to participants, and, in the case of transportation allowances, the costs of transportation involved.

(c) The director may make advance payments of allowances to training program participants who, because of immediate financial needs for the maintenance of themselves or their dependents pending receipt of allowances, would otherwise be unable to enter upon or continue training.

(d) Allowable costs for county vocational districts, public education agencies, and community

[1]Optional clause.

colleges may include salaries of instructors, costs of equipment, supplies, supervision, rental of space and equipment, utilities, custodial services, and other costs justifiable for the specific programs. There shall be no cost to students for any training received. The necessary books, tools, and supplies shall be provided.[1] All items purchased shall remain the property of the [state] [vocational district] for future programs and shall not be given to the student. Equipment may be transferred between local public training agencies. Rental for private facilities and minor remodeling and maintenance for public facilities are allowable.

(e) Up to [$100] per student may be expended for medical services necessary for vocational rehabilitation if needed to render the person employable and if no other source of funds is available for this purpose.

SECTION 18. *Preservation of Unemployment Compensation Benefits.* Notwithstanding any provision of the [*state unemployment compensation law*], a training program participant shall not become ineligible for benefits under this law because of his regular attendance at a training program which the director has approved and continues, from time-to-time, to approve for the participant.

SECTION 19. *Separability.* [*Insert separability clause.*]

SECTION 20. *Effective Date.* [*Insert effective date.*]

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[1]An exception for personal items such as protective clothing, safety glasses, etc., may be added.

9.005 EDUCATIONAL ACCOUNTABILITY AND REMEDIAL ASSISTANCE[1]

The processes of educational finance and governance have been marked in recent years by increasing calls throughout the country for "accountability" of professional educators to parents and the public. Many parents have grown increasingly restive about how well reading and other basic skills at the elementary level are being communicated from the teacher to the student. Concurrently, the incidence of students underperforming by more than one grade level has increased alarmingly in some schools, especially in inner cities, but also in suburban areas. The national assessment program, conducted for the U.S. Office of Education by the Education Commission of the States, administers large numbers of "knowledge items" to public school pupils each year. These are designed to show substantively the extent of subject matter knowledge acquired by students, rather than how much students know relative to one another. These test results also have been far from reassuring to school administrators, boards of education, state legislators, and concerned parents and citizens.[2]

The 1972 report of the President's Commission on School Finance recommended that "state and local educational agencies give increased emphasis to establishing and improving systems of assessing relative costs and benefits of various educational programs;" that "state governments establish statewide evaluation systems to measure the effectiveness of educational programs;" and that "each state, in cooperation with local school districts, systematically provide for publication and other appropriate communication to the public of the results of the assessments of achievement and improvement in education."[3] The Advisory Commission on Intergovernmental Relations, in its 1973 report on *Financing Schools and Property Tax Relief — A State Responsibility*, emphasized that "the uncertainty surrounding the effectiveness of dollars earmarked for education, as it is presently delivered, illustrates the need for state systems to measure the effectiveness in school spending and to rebuild citizen confidence in public education."

Traditionally, professional educators opposed publication of achievement results, by school, and even objected to making such data available to parents. This resistence was often based on the fear that such publication would reflect unfairly on teachers and students in disadvantaged areas — that the label of "poor schools" would appear and stick. Generally, however, as more and more states have moved in the direction of making achievement data available, the earlier fears have lessened.

Despite the reservations of some administrators and many teachers, by the Fall of 1972, 23 states had enacted some type of accountability legislation and 16 others were considering such a step.[4] Most of these enactments provide for statewide testing in one form or another. As of early 1973, 18 of the state statutes involved a state testing or assessment program; 14 prescribed changes in school management methods, moving toward program budgeting and a uniform accounting system; and eight involved evaluation of professional employees.

The suggested legislation that follows draws in part upon: (1) a 1970 Michigan statute establishing a state assessment and remedial assistance program (Enrolled HB 3886); (2) a 1972 Ohio statute providing for an accountability program and a management information system (HB 475); (3) a 1972 Maryland law establishing an accountability program (SB 166); (4) part of a New Mexico 1967 statute relating to a uniform accounting system for state and local educational agencies (Chapter 16, Section 59, 1967); and (5) the *Colorado Educational Accountability Act of 1971*.

Florida's annual school progress report to parents and its school-by-school accounting responsibility is worthy of note (Chapter 70-399) as in Oregon's competency based graduation requirements (*Revised Statutes*, 326.051). Other relevant enactments include: Alaska, Chapter 35, 1970; California, *Miller-Unruh Basic Reading Act of 1965*, HB 2800, 1971, and HB 1483, Chapter 1600, 1971; and Oregon, SB 131, 1971.

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[1]Derived from: Advisory Commission on Intergovernmental Relations, *Financing Schools and Property Tax Relief — A State Responsibility*, Report A-40 (Washington, D.C.: U.S. Government Printing Office, January, 1973).

[2]Department of Health, Education, and Welfare, National Center for Educational Statistics, *The Condition of Education* (Washington, D.C.: U.S. Government Printing Office, 1975).

[3]President's Commission on School Finance, *Schools, People, and Money: The Need for Educational Reform* (Washington, D.C.: U.S. Government Printing Office, 1972), pp. 58-62.

[4]Cooperative Accountability Project, *Legislation by the States: Accountability and Assessment in Education* (Denver, Colorado: 1362 Lincoln Street, April, 1973).

Section 1 of the draft legislation states the purpose of the act, and *Section 2* defines terms used.

Section 3 establishes a statewide accountability and remedial assistance program and sets forth the objectives thereof. *Section 4* specifies the scope and composition of the assessment and testing program.

Section 5 establishes a program of state financial assistance to low performing schools identified in the assessment process and specifies the criteria and conditions under which such aid is to be provided.

Section 6 mandates the establishment of a management information system and a uniform accounting system for state and local education agencies.

Section 7 provides for an annual report by the chief state school officer. *Sections 8 and 9* provide for separability and effective date clauses, respectively.

[EDUCATIONAL ACCOUNTABILITY AND REMEDIAL ASSISTANCE ACT]

(Be it enacted, etc.)

SECTION 1. *Purpose.* The purposes of this act are to provide for the establishment of a system of educational accountability in the public schools of [*state*]; to assure that educational programs operated in the public schools of [*state*] lead to the attainment of established objectives for education so that elementary and secondary pupils will be able to perform basic skills at a level commensurate with their grade in school; to provide information for accurate analysis of the costs associated with public education programs; to provide information for an analysis of the differential effectiveness of instructional programs; and to allocate funds in a manner to remedy most effectively specifically identified shortcomings in educational processes.

SECTION 2. *Definitions.* As used in this act:

(a) "Basic skills" means the school subject areas of reading, mathematics, language arts, and subject areas associated therewith.

(b) "Chief state school officer" means the [*head of the state educational agency*].

(c) "Department" means the [*state department of education*].

(d) "Remedial assistance" means measures undertaken to assist those students identified as in greatest relative need of improved performance in basic skills.

(e) "Statewide assessment" means an appraisal of achievement levels in the public elementary and secondary schools and of the extent to which basic skill performance and other educational objectives are being met.

SECTION 3. *Establishment of Statewide Assessment Program.* A statewide program of assessment of educational progress, including remedial assistance in the basic skills of students in reading, mathematics, language arts, and/or other general subject areas, is hereby established in the department; the implementation of the program shall be provided for by rule; the program shall include and incorporate current activities of the department in the assessment of educational progress and shall:

(a) establish goals by grade level for the achievement of basic skills for students and identify those students with the greatest relative educational need in these skills;

(b) obtain information through standardized tests, teacher evaluation of pupil progress, and other means to enable the state to allocate state funds and professional services in a manner best calculated to help students achieve competence in the basic skills:

(c) provide school systems with strong incentives to introduce educational programs to improve the teaching of basic skills to students and to formulate model programs to raise the level of student achievement;

(d) evaluate school district instructional programs in basic skills in order to discover and introduce program changes that are most likely to improve the quality of education.

SECTION 4. *Scope and Composition of Assessment.*

(a) The coverage and utilization of the assessment program will be as follows:

(1) statewide assessment shall cover all[1] students annually at [four] grade levels in public schools, such grade levels to be designated by the department;

(2) the department shall develop and conduct the program in consultation and cooperation with local boards of education; the department may utilize the assistance of local school districts and appropriate assessment, evaluation, and testing organizations, including appropriate specialists;

(3) the program shall assess student competencies in the basic skills and collect and utilize other relevant information essential to the assessment program;

(4) based on information from the program [those [ ] percent of] students shall be identified who have [extraordinary] [great] [substantial] need for assistance to improve their competence in the basic skills;[2]

(5) information from the program shall be given to each school as soon as possible to assist it in its efforts to improve the achievement of students in the basic skills.

(b) Care shall be exercised to assure that to the maximum extent feasible within existing knowledge and technology, cultural bias in all tests used is eliminated [and that pupils whose primary language is other than English be administered the test in their primary language or, if such is not feasible, omit scores of such pupils from all tabulations].

SECTION 5. *State Remedial Aid.*

(a) A fund for remedial assistance is hereby created with funds appropriated to the department each fiscal period for allocation to local school districts pursuant to [*citations of school aid formula statutes*]. The fund will be administered by the department subject to the conditions specified below. The amount placed in the fund for each fiscal period will be at least [5] percent of the total funds appropriated for formula allocation to districts for that fiscal period.

(b) Based on information from the assessment program, the department, in cooperation with school districts, shall [provide and administer] [provide technical assistance and funds for] remedial

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[1]For some aspects of the assessment program, information collection by sample rather than complete count may be appropriate.

[2]The legislature should indicate by relative or numerical terms the segment of greatest need to be addressed; unless the segment is kept relatively small, problems of manageability and funding become substantial.

assistance programs,[1] with funds made available pursuant to subsection (a) above, for use in school districts in raising competencies in basic skills of students identified pursuant to subsection 4(a)(4) of this act.[2] A funded program shall include, but not be limited to, the following components: instructional program best suited to his individual needs;

(1) diagnosis of each student's performance difficulties and the development of an instructional program best suited to his individual needs;

(2) selection, adaption, and installation of instructional systems that take account of individual student needs; and

(3) evaluation of the program in order to identify changes needed to improve program effectiveness.

(c) the department, by rule, shall establish guidelines and specifications for the program components. The department shall provide technical assistance to each school district in its implementation of the guidelines and specifications. The department shall conduct such evaluation necessary to provide adequate information for the setting of guidelines.

(d) The department shall provide for preservice and inservice training of staff who would be involved in the school programs.

(e) The department, with the cooperation of selected schools, shall establish demonstration projects in basic skills.

(f) A remedial assistance program shall be audited as part of its evaluation by an agency, designated by the [*chief state school officer, governor, other*], independent of the department, to facilitate the accountability of each school for its programs.

SECTION 6. *Management Information and Uniform Accounting.*

(a) The department shall develop a comprehensive system for providing educational management information and accountability capabilities. Developmental work by the department may utilize pilot school districts and shall strive, with regard to all public [and non-public] elementary and secondary schools in the state, to:

(1) define those measurable objectives for which each facet and level of public education is to be held accountable;

(2) identify pertinent data elements and devise methods and systems for fairly, accurately, and uniformly measuring and reporting the extent to which the defined objectives are met;

(3) develop uniform files, methods, and systems for collecting, processing, sorting, and analyzing data necessary to the improvement of school management;

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[1]In many states remedial assistance programs will derive from both state and local initiatives; some may be developed for statewide implementation and others for use in a single district situation.

[2]Most states may prefer remedial assistance programs to be conducted by the districts with funds and under guidelines provided by the department.

(4) develop uniform accounting methods and systems which will relate the cost and the efficiency of those factors to the learning outcome; and

(5) develop uniform systems of reporting the findings of the program to all interested persons.

(b) (1) The department shall prescribe detailed regulations for a uniform system of accounting and budgeting of funds for all individual public schools and school districts[1] of the state. Such manual of regulations, and any revision or amendments thereto, shall become effective only upon approval by the [*state board of education, state budget office, governor*].

(2) All public schools and school districts shall comply with the regulations prescribed in the manual of accounting and budgeting and shall, upon request, submit additional reports concerning finances to the department.

SECTION 7. *Annual Report.*

(a) During [January, 19] and each [January] thereafter, the [*chief state school officer*] shall transmit to the governor, to the [*general assembly*], and to the public, a report which includes, but is not limited to, documentation indicating the progress of the department, the local boards of education, and each school in the state toward the achievement of their respective goals.

(b) The report shall also contain objectives and recommendations for legislation which the [*state board of education*] and the [*chief state school officer*] deem necessary for the improvement of the quality of education in [*state*].

(c) The [board of education] [superintendent] of each district shall submit [once annually] to each parent a comprehensive report on the relative progress of each respective school within the district. Such report shall be available to any interested citizen.

SECTION 8. *Separability.* [*Insert separability clause.*]

SECTION 9. *Effective Date.* [*Insert effective date.*]

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[1]Intent is to facilitate a system of school-by-school accounting within a multischool district.

*U.S. GOVERNMENT PRINTING OFFICE: 1975 633-929/178 1-3

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The Commission is composed of 26 members — nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20 — three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

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As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all important functional and structural relationships among the various governments, the Commission has also extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long range efforts of the Commission has been to seek ways to improve Federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

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